

BANCO CENTRAL de EMISION de la REPUBLICA de PANAMA

1940 -- 1942

AMERICAN BANK NOTE COMPANY.

Panama
to
New York

SUBJECT PAPER CURRENCY

Via Airmail

DATE August 7, 1940.

AUG 15 1940

Enclosed is clipping from one of our daily papers, reporting opinion of the Manager of the National Bank in connection with emission of paper currency by the National Government.

The Panamanian Minister to México, Manuel M. Valdés, has made a study of this important subject in the form of a booklet which I have obtained and am forwarding to you by regular mail.

I will follow up this matter closely and will keep you well informed of developments.

Sincerely yours,

Elena Sherman
Elena Sherman

Encl.
cc by regular mail

AMERICAN BANK NOTE COMPANY

Panama

New York

Via Airmail

ALSO CURRENT

SUBJECT

DATE

August 7, 1940

Enclosed is clipping from one of our daily papers,
reporting opinion of the manager of the National Bank in
connection with emission of paper currency by the National
Government.

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has made a study of this important subject in the form of
a booklet which I have obtained and am forwarding to you by
regular mail.

I will follow up this matter closely and will keep you
well informed of developments.

Sincerely yours,

Wm. C. Sullivan
Wm. C. Sullivan

Encl.
by regular mail

AUG 12 1940



W.B.N. CO.
FOREIGN DEPT.

RECEIVED



AUG 12 1940

El Gerente de Alba Está de Acuerdo Con Emisión de Billetes Nacionales

Panamá América *Aug. 6/40*

Pero Para Que No Afecte la Economía Debe Restringirse

Estima que podría hacerse una emisión de unos cuatro millones de balboas

"Estimo que la República de Panamá podría hacer una emisión de billetes nacionales, siempre y cuando que ésta fuera restringida, sin poner en peligro la economía nacional," declaró esta mañana don Eduardo de Alba, Gerente del Banco Nacional al ser interrogado por un representante del Panamá-América, sobre el particular.

El Gerente de Alba declinó extenderse en sus apreciaciones en relación con el proyecto de hacer una emisión de moneda papel panameña, pero al ser solicitada su opinión sobre la creación de un Banco Central de Emisión manifestó que nuestro país no tenía operaciones de redescuento y, que por tanto, no urgía la creación de un organismo de tal naturaleza.

Declaró esta mañana el Gerente del Banco Nacional, que aún cuando no existían cálculos exactos sobre el particular, en círculos bancarios autorizados se estimaba que Panamá tenía en circulación aproximadamente B. 6,000,000 y que si se hacía una emisión de unos cuatro millones de balboas de papel moneda, quedaría un margen de dos millones para la circulación de los billetes de balco de los Estados Unidos.

El Gerente de Alba se refirió también a un proyecto de ley que fue presentado en Noviembre de 1934 al cual nos referiremos especialmente en nuestra edición de mañana.

Como deben recordar nuestros lectores, últimamente publicamos un interesante estudio del Licenciado Manuel María Valdés, actual Ministro de Panamá ante el Gobierno de México en el cual sugería la emisión de moneda papel panameña.

(No translation rec'd for filing)

DUPLICATE SENT

Panama

PAPER CURRENCY

Air Mail

C. P. 2-2
AUG 19 1940

August 16, 1940.

We were extremely interested to read your letter of August 7th as well as the enclosed clipping regarding the proposed issue of bank notes for the Republic of Panamá and we look forward with great interest to the receipt, by regular mail, of the booklet you sent us regarding this subject. As you know we are particularly interested in all matters pertaining to bank notes and we would ask you to keep us continually posted on any new development, no matter how insignificant and unimportant they may appear to you at the time.

Yours very sincerely,

Asst. Manager Foreign Department.

HMK:grl

Registered Mail

Panama

GENERAL

C.P.R.
AUG 22 1940

August 21, 1940.

We have read with a great deal of interest the pamphlet "Panama y su Soberania Monetaria" by Manuel M. Valdes and since we note that the copy you sent us is an autographed one given to your brother, Sr. José E. Ehrman, we are taking the liberty of returning it, as it has already been carefully read here and we feel that perhaps your brother would like to have it returned to him.

Yours very truly,

Asst. Manager Foreign Department.

HMK:grl

1 encl.

AMERICAN BANK NOTE COMPANY.

Panama
to
New York

SUBJECT

PAPER CURRENCY

Via Airmail

DATE

August 23, 1940.

C. P. R.
AUG 28 1940

H.M.K.

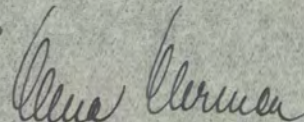
AUG 27 1940

Enclosed is clipping from one of our local papers in connection with above mentioned subject, containing views of the local Chamber of Commerce.

I will keep you posted on this question and will send you clippings of all important articles and opinions published from time to time.

A new National Assembly will convene on September 1st, and the new President of Panama will be inaugurated October 1st. No doubt, all important matters will be discussed by the Assembly after the new President is in office, and the "Paper Currency" will be one of them.

Sincerely yours,



Elena Ehrman

Encl.
cc by regular mail

RECEIVED

Panama

AMERICAN BANK NOTE COMPANY

New York

SUBJECT

AMERICAN BANK NOTE COMPANY

VIA AIRMAIL

DATE

August 22, 1940

H.M.K.

THE BANK

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by the Assembly after the new President is in office, and
the "Foggy Bottom" will be one of them.
Sincerely yours,

Wm. C. Cullen
Wm. C. Cullen

Aug 26 1940

That
to the letter will



AMERICAN BANK NOTE COMPANY
NEW YORK, N.Y.

August 27, 1940.

Q. R.
Aug 28 1940
Extract of Newspaper Clipping re: Panama Paper Currency.

The Chamber of Commerce, Industry and Agriculture of Panamá is not in accord with proposed plans to have the Republic of Panama, or some official entity, issue bank notes unless they first come to some agreement with the U. S. A. similar to the agreement made for the issue of Panama silver fractional currency. They feel that without such an agreement, Gresham's Law of bad money driving out good money might become operative. Without a most solid foundation the new proposed currency would bring about lack of stability in the currency, together with its many problems, such as a possible lack of its acceptance in the Canal Zone and other exchange problems. They close by stating: "Every abuse of credit carries its implied self-destruction".

HMK:grl

Sin Un M Panam

as que no han sido
ados como aceptables por algún
ais latino-americano tampoco
e considerarán como personas
ratas por los Estados Unidos.
Este comentario fue hecho por
umner Welles después que de-
linó comentar el caso especí-
ico del Cónsul Alemán en New

lles en el futuro cualquier a-
gente diplomático o consular de
un país europeo o asiático que-
da automáticamente impedido
para actuar en los Estados
Unidos desde el momento que
un país latino-americano lo hu-
biere rechazado.

Europa se alimentará con sopa

Esa Es la Opinión de la Cámara de Comercio Local

El rechazo de nuestra moneda en la Zona crearía muchos problemas, dice

Don Abdiel J. Arias, quien con el carácter de Vicepresidente reemplaza en la actualidad al Presidente de la Cámara de Comercio, Industrias y Agricultura de Panamá, don Rodolfo Herbruger, quien se encuentra ausente del país, al ser interrogado acerca de la opinión de la Cámara con respecto al proyecto de ley sobre emisión de billetes bancarios, nos manifestó ayer que la Junta Directiva de esa institución en sesión reciente emitió su opinión, concebida en los siguientes términos:

"La Cámara de Comercio ha leído con detenimiento las recientes publicaciones hechas en la prensa local sobre la conveniencia de emitir en Panamá una cantidad de moneda papel o papel moneda. Ha estudiado asimismo el punto para apreciar lo que para el comercio tal me-

didada significaría. La Cámara reconoce que no es misión de su Junta Directiva ni de la Cámara misma, la de recomendar o reprochar las medidas que el Gobierno adopte sobre ese particular, pero considera que es una de sus obligaciones, la de cooperar con el Estado y asimismo la de ilustrar tanto a los comerciantes como al público sobre la repercusión que una medida de esa naturaleza puede tener en las transacciones comerciales.

Dentro de ese espíritu de cooperación hacia el Estado, y de ilustración para con los comerciantes y el público, considera la Cámara de Comercio, que ya sea que se autorice la emisión de papel moneda, o de moneda grave.

result from talking about an
ached a haven of safety?
at the danger lies in thus indi-
taken by British ships to the
for a Nazi aviator knows that
a certain point on a certain
name of the ship, however,
on which I later overheard bet
moking room. They were talkin
ne of the British women remar
berlin radio announcer with the
nounced over the air that the
oed. She looked at her friend
Of course, you know what he w

So did I—but I never learn

Everyone on the ship, as o
f course, that talking for him o
What they may be doing by dis
nd what has happened on bo
alking themselves into a watery

What harm possibly can
ttack at sea after the ship has r

It was pointed out to me th
ating specific sea routes being
Germans. A U-boat commander
e has attacked a British ship a

Sin Un Nuevo Convenio Internacional el Billeto Panameño Hará Más Daños Que Beneficios

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Dentro de ese espíritu de cooperación hacia el Estado, y de ilustración para con los comerciantes y el público, considera la Cámara de Comercio, que ya sea que se autorice la emisión de papel moneda, o de moneda papel o de billetes de banco, esta moneda necesitará para su circulación un acuerdo o convenio monetario con el Gobierno de los Estados Unidos, en la misma forma que se hizo con la moneda fraccionaria de plata. Sin un convenio entre los Gobiernos de Panamá y de los Estados Unidos, se corren todos los riesgos naturales de esos casos, y seguramente se presentarán los numerosos problemas concernientes a las leyes económicas de dos monedas en circulación. La ley de Graham, sobre el desplazamiento de la buena moneda por la mala, será inevitable, pues quien tiene la buena moneda jamás la usará en sus transacciones cuando en ellas pueda usar la mala. La imposibilidad de establecer la nueva moneda sobre bases sólidas, provocará su inestabilidad, con los consecuentes problemas del alza de los precios en los artículos, la acumulación en el Banco Nacional de la moneda inestable, y la acumulación o depósito en los bancos extranjeros de la moneda buena para las transacciones extranjeras. El rechazo de la moneda en la Zona del Canal crearía numerosos problemas en cuanto a las compras que deberían hacer en Panamá los turistas y los viajeros y crearía el problema a los importadores de sufrir los rigores y riesgos del cambio o intercambio de las dos monedas en los pagos de mercaderías extranjeras. Sin un convenio internacional monetario, la medida produciría más daño que beneficios, con un convenio, la medida podría traer numerosos buenos resultados, pues no se puede perder de vista que en una u otra forma sería una moneda fiduciaria. Las exigencias del convenio determinarían si la medida es o no factible, y si los beneficios que de ella piensan obtenerse justifican los sinsabores y trabajos del convenio y de la emisión.

Si lo que se necesita es mayor medio circulante, tal vez la medida daría provechosos resultados y se justificaría; pero si lo que se quiere es desarrollar una nueva modalidad del crédito sin atender al respaldo necesario para afianzar la buena fé que esa nueva modalidad del crédito necesita, la medida causará hondos perjuicios que son imposibles de prever y determinar.

La Cámara de Comercio considera que el punto debe ser estudiado apartándose de todo sentimentalismo y atendiendo más al beneficio general de los conciudadanos, que a los provechos que pueda derivar de tal medida una o más entidades estatales o semiestatales. Todo abuso en el crédito lleva implícito su propia destrucción."

PAPER CURRENCYAir Mail

August 27, 1940.

Again we thank you for keeping us so well posted on developments regarding the proposed issue of paper currency in Panamá. We have read with much interest the newspaper clipping enclosed with your letter of August 23rd. We note that the National Assembly will convene on September 1st and the new President inaugurated October 1st. At the opportune time we would appreciate your advising us of the names of the new cabinet and, if possible, also let us know who is or are the leaders of the project as advocated by Sr. Valdez, your Minister to Mexico. Will Sr. Valdez remain in Mexico under the new Government or will he go back to Panamá? Should you learn that this gentleman is coming to New York please advise us as we would like to meet him.

Yours very truly,

Asst. Manager Foreign Department.

HMKlgr1

AMERICAN BANK NOTE COMPANY.

SUBJECT

PAPER CURRENCY

Via Airmail

Panama
to
New York

DATE September 19, 1940.

C.I.B.
SEP 23 1940

Receipt is acknowledged of your letter of August 27th. I will keep you well informed of all important developments when the new President is inaugurated next October 1st.

In regards to Manuel Valdés, now Minister to México, I have learned from reliable sources that he will return directly to Panama very soon and although he will hold a Government position (probably Jefe de los Archivos Nacionales) it will not be one of too great importance.

Sincerely,

Elena E. E. E.
Elena E. E. E.

cc by regular mail

Panama
to
New York

AMERICAN BANK NOTE COMPANY

SUBJECT

THE AMERICAN BANK NOTE COMPANY

PANAMA, CANAL ZONE

DATE September 17, 1940

FOREIGN DEPT.
U.S. N. B. CO.

SEP 23 1940

SEP 23 1940

[Handwritten signature]

Sincerely,

cc by letter mail



SEP 23 1940

AMERICAN BANK NOTE COMPANY.

Panama
to
New York

SUBJECT

PAPER CURRENCY

Via Airmail

DATE September 19, 1940.

C. I. D.
SEP 23 1940

C. I. D.
SEP 26 1940

H.M.K.

Receipt is hereby acknowledged of your letter of August 21st and the pamphlet "Panama y su Soberanía Monetaria".

SEP 25 1940

9/25/40
H.M.K.

Please advise if it would interest you to have a copy of this pamphlet in your files.

Very sincerely,

Elena Ehrman
Elena Ehrman

C

cc by regular mail



AMERICAN BANK NOTE COMPANY

Panama

to
New York

SUBJECT

AMERICAN BANK NOTE COMPANY

FOREIGN DEPT.
A.B.N.C.O.

Via Airmail

DATE September 19, 1940.



SEP 21 1940
C. 1. 12

H.M.K.

Receipt is hereby acknowledged of your letter of August 22, 1940.

Very truly yours,
The American Bank Note Company

Please advise if it would interest you to have a copy of

this pamphlet in your files.

Very sincerely,

Wm. L. ...
Wm. L. ...



SEP 23 1940

PAPER CURRENCY

Sept. 25, 1940

Thanks for your letter of September 19th, in which you offer to send us an extra copy of the pamphlet "Panama y su Soberanía Monetaria."

We greatly appreciate your offer but believe that it is not necessary for you to go to the trouble of getting an extra one as we took note of the important parts in the pages of the copy you sent us previously.

Yours very truly,

Manager Foreign Department

HMK/iw

AMERICAN BANK NOTE COMPANY.

Panama
to
New York

SUBJECT

PAPER CURRENCY

VIA AIRMAIL

DATE July 22, 1941.

Enclosed are clippings from local newspapers reporting that the Panamanian Government is seriously considering the issuance of three million dollars in paper currency of the 1, 5, 10 and 20 balboas denomination.

You will remember my advising you last year that the Government was studying a plan to this effect; it seems now that it has been definitely decided to put the plan thru.

In conversation with the Comptroller General, who, with the Minister of the Treasury visited the United States last February to work on the consolidation of the Republic's external debt, he told me that both the American Bank Note Company and the Hamilton Bank Note Company have been highly recommended by Washington's State Department and The National City Bank of New York for the preparation of these notes. He also said that he knew that just now, our Company had more work than we could handle and mentioned the Chinese paper currency, which he said, will keep us busy for the next two years.

I informed the Comptroller General that I was going to communicate with you immediately and requested that he do nothing about placing this order until I hear from you.

The Comptroller further stated that these notes will have to be specially prepared for our tropical, humid weather and instead of the customary 25% linen and 75% cotton, should be 50% of each.

Kindly let me have your comments as soon as convenient and advise me quickly if the American Bank Note Company is interested in this issue.

Sincerely yours,

Elena Ehrman

encls.

cc by regular mail *Two* enclosures for filing

B

Panama
to
New York

AMERICAN BANK NOTE COMPANY

SUBJECT

PAPER CURRENCY

VIA AIRMAIL

DATE JULY 22, 1941

JUL 23 1941

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Sincerely yours,

Elmer E. Brown

cc by regular mail -- and return by air

For _____

AMERICAN BANK NOTE CO.

Garrison Ave. & Tiffany St.

BRONX

NEW YORK

Enclosure

Two (2) newspaper clippings

P. R.
JUL 28 1941

SE ESPECULA SOBRE LA POSIBILIDAD DE QUE SE ORDENE EMISION DE BILLETES

**Ese proyecto es
materia en estos
días de estudio**

La idea original es la de que se haga una emisión de tres millones de balboas.

En altos, círculos oficiales se está especulando sobre la posibilidad de que el Gobierno Nacional ordene la emisión de billetes de banco nacionales y sobre el particular hemos podido enterarnos que el proyecto es materia de cuidadoso estudio actualmente en la Contraloría General de la República y de parte de otros altos funcionarios y particulares a quienes se considera versados en estos asuntos.

La idea de que la República de Panamá emita sus propios billetes de banco, sólidamente respaldados, ha venido siendo acariciada desde hace algunos años, pero hasta la fecha no se ha decidido llevarla a la realidad, por haber surgido dificultades más bien de carácter técnico.

Se nos indica que este proyecto está siendo nuevamente acariciado y que en caso de que el Gobierno Nacional se decida a efectuar la emisión, cada balboa que se emita estaría respaldado con otro balboa oro, de modo que los billetes tengan una garantía firme y estable.

Aún cuando el proyecto, por estar apenas en embrión no ha sido discutido ampliamente, hemos podido enterarnos que la idea original es la que se haga una emisión por la cantidad de B. 3,000,000.00.

Panama To Issue Paper Currency

**Total Will Reach
3 Million Dollars**

From an unofficial but authoritative source it has been learned that the Executive Power of Panama is studying a plan for the issuance of a certain quantity of paper currency.

It has not been determined what the amount of the first issuance of notes will be, but it is understood that the total will approach three million dollars, while the first issuance will not exceed one million dollars. Gradually, according to government plans, the amount will be increased, but the total amount in circulation at any one time will never exceed the country's circulation necessities.

At the same time it was said that the bank notes will not be backed by gold to equal their face value, but probably will be backed by an equal value of U.S. currency.

It is contemplated to issue the Panamanian notes in denominations of one, five, ten, and twenty balboas.

ción legislativa que había
der Legislativo: tarea enorme
cia para el desarrollo futuro

esa su peculiar posición ver-
idades, manifestó las razones
e fundamentan las leyes dic-
pueda dar libre juego a sus
man las condiciones actuales

que el país, en espléndido
or plebiscito nacional, no es
bernante, ni precipitada im-
es. Esta reforma integral de
estaba no sólo en el ambien-
sino formulada ya en varios
sus puntos de orientación
os más capaces constituciona-
era preciso llevarla a efecto, si-
ando la letra y el espíritu de
rgía dictar para dar al país
entos legales de su progreso
esta sola obra requería en la
un hombre como el Doctor
ría humanas necesarias para
ue tan habilmente saben in-
; y con la nueva Carta Fun-
e son base segura de estabili-
n.

gnífica y saludable coopera-
dirigen la República, sin cuya
edaría roto el espíritu de la
abios principios que orientar
pueblos.

ON MILITAI E DANDO E

el gobierno de en Siria y Líbano

Comandantes aliados Wilson y
nfalmente instalaron formalmen-

BARCELONA, Julio 17 (P).—El Go-
bernador Civil, hablando durante
las ceremonias de distribución de
premios a las grandes familias a-
nunció que un total de dos millones
de pesetas habían sido distribuidas
entre 60.444 familias de la provin-
cia de Barcelona cada mes por el
Instituto Regional de Previsión es-
tablecido por el Gobierno.

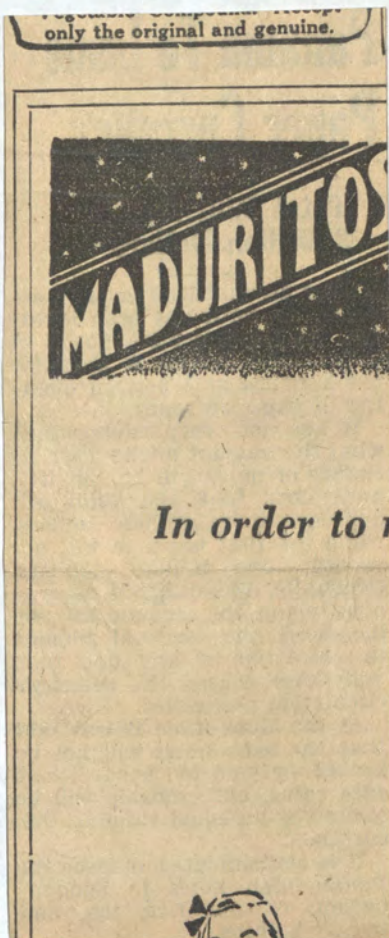
que simpaticen o apoyen las ideas
totalitarias o las doctrinas del "nu-
vo orden" contrarias a las institu-
ciones actuales de la Argentina.
Suárez Lago recientemente asumió
la jefatura del partido cuyo prin-
cipal vocero, el Presidente interno,
Castillo, ha insistido en repetidas
ocasiones en que la Argentina debe
guardar una completa neutralidad

de dieciocho mil alumnos. El Excmo. Dr. Rafael Angel Calderón Guar-
dia tenía a su derecha al Excmo. Dr. Arnolfo Arias y altas personali-
dades oficiales de Costa Rica, incluyendo todo el Gobierno, lo mismo
que los acompañantes del Presidente Arias habían ocupado sitio de
honor en el kiosco del parque Morazán. Abrió el desfile la Escuela
República de Panamá que fué aplaudidísima y luego siguieron todos
los demás colegios, que es inútil enumerar aquí. Lo especial es poner
de relieve que todos los escolares y estudiantes, etc., llevaban unas

de Secretaría, muy graciosa adi-
que reír al tomar al dictado es
formación.

LO QUE EXPRESO EL PRES

SAN JOSE, Costa Rica, Jul
revistió la sesión y la recepción
que confirió el grado de doctor ho
Presidente de Panamá y al docto
Costa Rica, un pergamino entre



C. P. R.
JUL 28 1941

-2-

exvyp	world-wide
EKZEC	reputation
ADGYF	and
AZCAK	a thorough knowledge of
AFXOX	bank note
AHFYN	business
EPNIB	such as we
ATTAJ	have
EPGUL	Stop
IHLUS	Hamilton Bank Note Company, N.Y.
ATVYT	has only
EBCYZ	made
EZDYP	some years ago
ENKUX	small
AXTOX	issue
AFXOX	bank notes
ASREV	for
IFXYR	Banco Nacional de Nicaragua, Inc.
EWSUM	which
EDMEC	now
ARKOV	entrusts
EFJUT	their order of
ESHYD	to us
EPGUL	STOP;
EZBEH	Are writing fully

C. P. R.
JUL 28 1941

july 24, 1941

EHMMAN(Elena Ehrman)

PANAMA(Panama)

H.M.K.

JUL 24 1941

7/24/41

N. S. K.

IRCUT	Refer to your letter of 22nd
AMGEJ	Paper currency
APLYR	do not be
ECFID	misled
AHJYX	by
AJNEJ	claims that
ESWER	we are unable to
ATRAV	handle
AHFYN	business
AHWYB	Can take care of
ADLYX	any
ALZEM	country(ies)
ECWIC	needs
EPGUL	Stop
AGFYJ	Bear in mind (that)
EMHEV	serious
AXTOX	issue
AMGEJ	paper currency
EMZIN	should be
ARKEV	entrusted
#SGOX9	to
AFXOX	bank note
ASNYT	firm
EXNUN	with

All America Cables

THE INTERNATIONAL SYSTEM

To Telephone a Message or
Call a Messenger

WHITEHALL 4-3100

or any

POSTAL TELEGRAPH OFFICE

For Repetition Service and
All Other Departments

BOWLING GREEN 9-3800

JOHN L. MERRILL, PRESIDENT

Postal
Telegraph



Commercial
Cables

Mackay Radio

NUMBER _____

TIME _____

M M _____

CHECK _____

67 BROAD STREET, NEW YORK

SEND THE FOLLOWING TELEGRAM, SUBJECT TO THE TERMS ON BACK HEREOF, WHICH ARE HEREBY AGREED TO

(cde)

July 24, 1941

EHRMAN

PANAMA (Panama)

IRCUT AMGEJ APLYR ECFID AHJYX AJNEJ ESWER
ATRAV AHFYN AHWYB ADLYX ALZEM ECWIC EPGUL
AGFYJ EMHEV AXTOX AMGEJ EMZIN ARKEV ESGOX
AFXOX ASNYT EXNUN EXVYP EKZEC ADGYF AZCAK
AFXOX AHFYN EPNIB ATTAJ EPGUL IHLUS ATVYT
EBCYZ EZDYP ENKUX AXTOX AFXOX ASREV IFXYR
EWSUM EDMEC ARKOV EFJUT ESHYD EPGUL EZBEH

BANKNOTE

Sender's Name and Address

ORDINARY MESSAGE UNLESS MARKED OTHERWISE

ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays the sender of a message should order it repeated, that is, transmitted back to the originating office for comparison. For this, one-half the regular rate is charged in addition. Unless specifically stated on its face to be 'a repeated message,' this is an un-repeated message and paid for as such.

THIS COMPANY WILL NOT ASSUME ANY RESPONSIBILITY CONCERNING ANY MESSAGES BEYOND THE TERMINUS OF ITS OWN LINES.

It is agreed between the sender of the message on the reverse hereof and this Company, that this Company shall not be liable for mistakes or delays in the transmission or delivery, nor for non-delivery, to the next connecting telegraph, cable, or wireless company, or to the addressee, of any un-repeated message, beyond the amount of that portion of the charges which may or shall accrue to this Company out of the amount received from the sender for this Company, and the other companies, by whose lines such message may pass to reach its destination; and that this Company shall not be liable for mistakes or delays in the transmission or delivery, nor for non-delivery, to the next connecting telegraph, cable, or wireless company, or to the addressee, of any repeated mes-

sage, beyond fifty times the extrasum received by this Company from the sender for repeating such message over its own lines, and that this Company shall not be liable, in any case for delays arising from interruption in the working of its lines or from congestion of traffic, nor for errors in cipher or obscure messages, or caused by indistinct handwriting or typewriting; and that in any event this Company shall not be held liable for any loss or damage, or for delay or detention, or error caused by storms or the action of the elements, or other acts of God, or by civil or military authority, or by insurrection, riots, rebellions, or dangers incident to the time of war, or by the unlawful acts of individuals, or for errors or delays of connecting companies. The Company is hereby made the agent of the sender, without liability, to forward this message by means of wire or wireless either over its own lines or facilities or those of connecting companies unless the sender otherwise specifically directs.

No responsibility attaches to this Company concerning messages until the same are presented and accepted at one of its transmitting offices; and if a message is sent to such office by one of the Company's messengers, or by a messenger of any other company, he acts as the agent of the sender for the purpose of delivering the message and any

notice or instruction regarding it to the Company's agent in its said office. Any message sent to the Company's office by private wire or by telephone or by telegraph or through a connecting telegraph, cable, or wireless company, is sent at the sender's risk of errors or failures in such service and all of the terms and conditions herein shall apply to the message throughout, and the person receiving such message by private wire or by telephone or by telegraph or through a connecting telegraph, cable, or wireless company acts for that purpose as the agent of the sender, and is authorized to assent to these conditions on behalf of the sender.

It is agreed that this Company shall not be liable for damages or statutory penalties in any case where the claim is not presented to it in writing within sixty days after the message is filed with this Company for transmission.

It is agreed that prompt and correct transmission and delivery of this message shall be presumed in any action for recovery of the tolls therefor, subject, however, to rebuttal by competent evidence.

The above terms and conditions shall be binding upon the receiver as well as the sender of this message.

No employee of the Company is authorized to vary the foregoing.

ALL AMERICA CABLES, INCORPORATED,
John L. Merrill, President.

PRINCIPAL OFFICES

NEW YORK CITY—addresses and telephone connections—*See other side*

WASHINGTON, D. C.,
8 Dupont Circle.

MEXICO,
Salina Cruz.

GUATEMALA,
San Jose,
Guatemala City.

SALVADOR,
San Salvador.

NICARAGUA,
San Juan del Sur,
Managua.

COSTA RICA,
Port Limon,
San Jose,
Puntarenas.

PANAMA,
Panama,
Balboa,
Colon.

COLOMBIA,
Buenaventura,
Cartagena,
Bogota,
Barranquilla,

Cali,
Medellin.

VENEZUELA,
Caracas,
La Guayra,
Vela de Coro,
Maracaibo.

CURACAO,
Willemstad.

CUBA,
Fisherman's Point,
Santiago,
Guantanamo,
Havana.

PORTO RICO,
Ponce,
San Juan,
Mayaguez.

ARUBA,
Oranjestad.

DOMINICAN REPUBLIC,
Santo Domingo,
Puerto Plata,
San Pedro de Macoris,
Santiago de los Caballeros,
La Vega.

HAITI,
Port-au-Prince,
Cap Haitien.

VIRGIN ISLANDS,
St. Thomas.

ECUADOR,
Esmeraldas,
Santa Elena,
Guayaquil.

PERU,
Paita,
Callao,
Lima,
Trujillo,
Piura,
Tacna.

BOLIVIA,
Corocoro,
La Paz,
Oruro.

CHILE,
Iquique,
Antofagasta,
Valparaiso,
Santiago,
Arica,
Tocopilla.

ARGENTINA,
Buenos Aires,
Mendoza,
Rosario.

URUGUAY,
Montevideo.

BRAZIL,
Rio de Janeiro,
Santos,
Sao Paulo.

Messages marked "VIA ALL AMERICA" are accepted at all Postal Telegraph and
Canadian-Pacific Railways Telegraph offices.

C. P. R.
JUL 28 1941

DUPLICATE SENT

Panama

PAPER CURRENCY - PANAMA

July 24, 1941

Original air mail

Your letter of July 22nd was most important and interesting to read.

First of all we were pleased to learn that after so many years it now appears that the Government of Panamá has practically decided to issue its own bank notes.

It was interesting to read that someone had advised the Comptroller General that our Company was so busy printing notes for other countries that it probably could not handle any proposed new business from Panamá.

This statement we consider was a gross misstatement, made by someone with an ulterior motive and anxious to have the business go elsewhere. While our Company is indeed busy at this time, printing notes for a great many countries, still we have never, nor do we now or ever expect to be unable to fulfill any reasonable demands for our services made by any of our customers, and we would be particularly pleased, and would make every effort, to meet the wishes of the Republic of Panamá.

We accordingly cabled you today:

"Refer to your letter of 22nd, paper currency, do not be misled by claims that we are unable to handle business. Can take care of any country's needs. Stop. Bear in mind (that) serious issue paper currency should be entrusted to bank note firm with world-wide reputation and a thorough knowledge of bank note business, such as we have. Stop. Hamilton Bank Note Company, New York, has only made, some years ago, small issue bank notes for Banco Nacional de Nicaragua, Inc., which now entrusts their order (of) to us. Stop. Are writing fully."

see 12-12-42

C. P. R.
JUL 28 1941

PAPER CURRENCY - Panamá

July 24, 1941

-2-

We are rather surprised to learn that the Hamilton Bank Note Company had been highly recommended to Panamá. That Company, as we told you in our cable, only printed bank notes for Nicaragua, and that some years ago. The Banco Nacional de Nicaragua, after their experience with the Hamilton notes, has favored us with their orders for some years past.

In order that you may judge the quality of the work that the Hamilton Bank Note Company supplied to Nicaragua, as compared to our work, we are enclosing herein a 5 Córdobas note printed by them, and which shows you how very crude their work is as compared to that in our 1 Córdoba note which we also enclose, and which they tried to imitate.

Since you do not have a bank note specimen book we have asked our representatives in Costa Rica, #Messrs. John M. Keith & Co., S.A. to send theirs to you by air express as soon as possible.

As preliminary work for the securing of this prospective business we suggest that you try to find out with as much anticipation as possible, the details that are to be embodied in the notes, such as size, title, text and vignettes.

SIZE We would assume that they propose to use a size of note exactly the same as the United States notes.

TITLE What will be the issuing entity? Will it be the "República de Panamá", "Banco Nacional, Panamá", "Tesoro de la República de Panamá", or what?

PAPER CURRENCY - PANAMA

July 24, 1941

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TEXT Will the notes carry a text saying simply 1, 5, 10 or 20 Balboas? or will they have a promise to pay clause, such as: "Pagadero al portador en efectivo, en moneda acuñada de plata, or some other text.

We would also like to know if the notes are to carry a text of the issuing law and if they are to be dated and have a series besides numbers.

VIGNETTE. As you know, bank notes usually, although not always, carry a portrait or pictorial, or allegorical vignette on the face, and another, usually a coat of arms, on the back, but we at this time would advise you to refrain from talking to the Comptroller or to anyone connected with the proposed issue of notes, about subjects for vignettes. We are making a study here of the different vignettes that we have on hand and which we consider would be suitable for use in the Panamá notes. It would be more economical to them and just as satisfactory, to use stock vignettes, than to go into special vignettes, particularly since the order for bank notes will be relatively small, if they are only going to print notes for a nominal value of \$3,000,000.

In your letter you said that the Comptroller was particularly anxious that the notes be printed especially prepared to withstand your humid tropical weather. Since our Company prints the bank notes for all tropical countries in America, as well as ^{some} in Asia and Africa, we have more experience on this subject than any other manufacturer of bank notes. You may, therefore as-

C. P. R.
JUL 28 1941PAPER CURRENCY - PANAMA

July 24, 1941

-4-

sure him from the very beginning that the quality of the printing as well as paper will be the most satisfactory and the best that is obtainable anywhere in the world today.

As a matter of historic interest, you may be interested in learning that we printed bank notes for Panamá exactly 80 years ago. In 1861 we printed notes for Messrs. Perez y Planas - Banco de Circulación y Descuento. In 1866 and again in 1869, we printed notes for the Estado Soberano de Panamá, and in 1869 for the Banco de Panamá.

We are determined to secure the proposed new order for bank notes in Panamá and you may rest assured that we shall do our utmost to cooperate with you in every possible way to achieve this end.

Yours very truly,

Manager Foreign Department

HMK/iw

CHRISTIAN BOND

me 8/18 letter

AMERICAN BANK NOTE COMPANY.

SUBJECT

PAPER CURRENCY - PANAMA

Via Airmail

Panama
to
New York

DATE July 29, 1941.

Many thanks for your radiogram and letter of the 24th in answer to mine of July 22nd about paper currency.

A few days after talking to the Comptroller General, which conversation was reported to you in the above mentioned letter, I had an interview with the Minister of Finance, and, I found out that a tentative order for this issue had been given in New York to the Hamilton Bank Note Company several months ago, when both the Minister of Finance and the Comptroller General visited the United States.

This is the complete story. After negotiations for the consolidation of Panama's external debt have been arranged, new bonds had to be issued and on advise of some banks there, order for said bonds was given to the Hamilton Bank Note Company, and, for this reason said Company was in contact with Panama's representatives constantly. Both the Minister of Finance and the Comptroller had full powers from the President to act while there so they talked to the Hamilton Bank people about the plan of the Government to issue a certain amount of paper currency. It seems that several years ago, during Dr. Harmodio Arias' 1932-6 term, when Panama contemplated having its own paper money, the Government requested the Hamilton Bank to prepare a model consisting of a one balboa bill, which they did and have been keeping since. This model was immediately presented by the Hamilton people to Panama's officials and they were very enthusiastic about it.

Every movement in this connection was kept secret since there has been some opposition in regards to the issue of paper money for Panama, therefore, on special instructions from the President, nothing was said about it. The Hamilton Bank sent a representative here, Mr. George Field, I believe during

FOREIGN DEPT.
A.B.N.CO.

M A

the month of May, and it seems that negotiations were carried on with him then. It is not public yet that this paper currency is already being prepared. The Minister of Finance, who is a personal friend of mine, told me all this in a confidential way, and regrets that our Company was not given a chance to present some real good bank notes.

I have wired Messrs. John M. Keith & Co. S. A. in San Jose, as follows:

"Do not send bank note specimen book
Ehrman".

Sincerely yours,

Elena Ehrman

Elena Ehrman

P.D. ✓ I have a bank note specimen book that you sent to my father several years ago. *Ek*

cc by regular mail



*Y. M. Keith
for Panama
8/1/11*

B.

FOREIGN DEPT.
A.B.N.CO.

- 2 -

A M

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me all this in a confidential way, and regrets that our Company was not
given a chance to present some real good bank notes.

I have wired Messrs. John M. Keith & Co. S. A. in San Jose, as follows:

"Do not send bank note specimen book
Herman".

Sincerely yours,

Alfred Herman
Alfred Herman

I have a bank note specimen book that you may want to see

Alfred Herman

JUL 30 1941



cc by regular mail

AMERICAN BANK NOTE COMPANY.

SUBJECT PANAMA - Bank Notes.

Henry M. Keith
Panama

to

New York

DATE August 11, 1941.

Upon arrival here on the 6th. I cabled you "arrived" and after I had succeeded in getting into the overcrowded hotel I cabled you that I was staying at Hotel Tivoli.

The order for notes has been definitely awarded to Hamilton Bank Note Company and the notes themselves are expected to be placed in circulation on October 1st. As far as I have been able to ascertain the notes will carry the coat of arms of Panama on the back. The face and quantities will be as specified below. The face will carry three colors but the predominating color, probably the steel impression, will be the one given below:

Bs./ 1 Green	- Vignette of Balboa	Bs./ 3,000,000	3,000,000
5 Blue	Indian Urraca	500,000	100,000
10 Brown	Old Panama	1,000,000	100,000
20 Gold(?)	Ox Cart with sugar cane	1,500,000	75,000
			3,275,000

If those are the exact figures, the issue consists of 3275,000 pieces (some say 3225,000) and has a nominal value of Bs.6,000,000. The Balboa, of which now only silver circulates, is at present interchangeable with the U.S. Dollar.

The text of the notes will be, I am told, República de Panama, Moneda Fiduciaria de Curso Legal. Conste por el presente billete que hay depositado en el Banco Central de Emisión Un Balboa (Bs./1.) pagadero al portador a presentación.

The paper to be used on the notes is to contain 50% linen and 50% cotton, which is supposed to be a new paper formula and one very much superior to the paper in use by the U.S. Government, whose notes do not have good wearing qualities, according to Panama officials. Everything Panamanian now has to be better than anything American.

The cost of the issue is "around \$40,000".

The Banco Nacional, which is a 100% Government bank and which will henceforth call itself Banco Nacional de Panama, will be in charge of the actual physical issue of the notes, but the issue or issues will be determined by a to-be-created Banco Central de Emisión, which will be a part of Banco Nacional de Panama and in reality more of an issue department than a bank. This "bank" will be composed of the Minister of Finance, The Comptroller General, The Manager of Banco Nacional de Panama and two other individuals to be appointed.

The bank will first issue one million Balboas backed 100% by U.S. Dollars. The Government already has \$1,000,000 on deposit with the Banco Nacional for this purpose. The important question in a surprisingly few peoples minds is, how will the other Bs.5,000,000 be backed? Only time can answer this question, but my guess is that since the government here has a new Social Security Law patterned after the one in the U.S.A. that the social security funds will be invested in local bonds to be issued and then these bonds to be used to back the currency.

SUBJECT

PANAMA - Bank Notes.

AMERICAN BANK NOTE COMPANY.

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10 Brown	Old Panama	1,000,000	100,000
20 Gold (?)	Ox Cart with sugar cane	1,500,000	150,000
			<u>3,250,000</u>

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AMERICAN BANK NOTE COMPANY.

Henry M. Keith
Panama

SUBJECT PANAMA - Bank Notes.

to
New York

DATE August 11th., 1941.

- 2 -

A mission consisting of Minister of Finance Enrique Linares Jr. and Comptroller General Guillermo Arango went to the U.S. last March, I believe, to arrange the external loans of Panama. As an extremely confidential matter they were charged with acquiring bank notes, as well as other things, such as 198 automobiles, etc. No one in Panama, except the President, was supposed to know any of the details. Even today no one seems to know all the answers and since there have been so many violent changes lately no one seems to care very much.

As you probably know, President Arnulfo Arias, a doctor of medicine and younger brother of former President Harmodio Arias, came into power at the end of last year, October I believe, and before the end of the year called a constitutional assembly and changed the Constitution. The new Constitution I understand gives President Arias the power, while Congress is not in session (and it is not in session now), to govern by decrees approved by the cabinet. He can therefore act quickly and unexpectedly, as he will do with the bank note matter. At the present time there is no law authorizing either bank notes or a Banco Central de Emisión, but both can be created overnight by a mere presidential decree. Since no decree has yet been issued covering the bank of issue and the notes, the information I have given you is in reality my very best guess after consulting innumerable sources which I consider reliable.

Strange as it may seem, most persons in Panama may by now have heard rumours of a Balboa note issue but they are not acquainted with any details. Of the large U.S. companies that do business here I believe that General Motors and Standard Oil are two of the few that have investigated the matter, while Pan American Airways, United Fruit and others whose officers I have interviewed knew remarkably little. Even the National City Bank was not aware of as many details as I have given you here. The U.S. Commercial Attache, however, did have a good confidential report which he let me read.

Working hours here are from 7 to 1 and since not all officials arrive on time it is difficult to see many quickly. Before my arrival here our agent had already requested an interview with the President and tried to get me in on it but since the new government is full of protocol, particularly with foreigners, the president only received the agent and not me. For me to get an interview would now take probably two weeks and the request would have to be made through regular diplomatic channels, which I did not consider worth the time and trouble since our agent has already made representations to the President and both of us have to the other officials. The agent will write to you about the interview with the President.

With the Minister of Finance I had a long interview. He, as well as other officials, now have a new streamlined technique of not saying a word themselves, which is most disconcerting. However, I was with the Minister a whole hour and in the end made him break down a little. He was particularly impressed with the very poor workmanship of the

AMERICAN BANK NOTE COMPANY.

PANAMA - Bank Notes.

SUBJECT

New York

to

Henry M. Keith
Panama

DATE August 11th, 1941.

- 2 -

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AMERICAN BANK NOTE COMPANY.

Henry M. Keith
Panama

SUBJECT

PANAMA - Bank Notes.

to

New York

DATE August 11th., 1941.

- 3 -

five Cordobas note which Hamilton made for Nicaragua and I believe he now appreciates how important it should be for Panama, which is a crossroads of the world, to have the highest quality note available in order to safeguard against possible forgeries. I also brought forth the importance of dealing with a Company which has both experience and financial strength and brought out all the facts about the Hamilton such as the Seebeck stamp issues, their bankruptcy in 1918, their sale option to the General Bank Note Corpn. which went bankrupt etc. etc. I made the point we are the only true bank note company

With Mr. Alba, Manager of the Banco Nacional de Panama, I had a similar interview this morning and with both I tried to leave the idea that if it was too late now to dump the Hamilton notes into the ocean the least they should do would be to have the plates actually destroyed and deal directly with us the next time.

If the suggestion works, I feel that we stand an excellent chance the next time they order notes.

The only other important official I have not yet seen is the Comptroller, with whom I have an appointment for the day after tomorrow.

Our agent's younger brother, Pepe, was Dr. Arias private secretary while the latter was in Europe and is now the Under Secretary of Finance. He is an extremely conscientious young lad who unwittingly has done us a lot of damage. When the Linares-Arango Mission left for the States it was supposed to be a secret mission and this boy took the secret part so much to heart that he never even told our agent about. Even the President was surprised to hear that this boy had not given away a secret confidence to our agent, whose brother he is. That has made him stand aces high with the president but he certainly could have been of inestimable help to us. So it goes, but for the next time we have read the riot act to this boy.

The present Government is one of the most intense nationalism I have ever seen. They call it "Panameñismo" but others call it fascism. They carry their nationalism to such an extent that it sometimes borders on the ridiculous. They wanted and did change the coat-of-arms (it now again only has 7 stars and the motto is different) and one of the mottoes that they were considering was: "Solo Dios Sobre Nosotros" which means that only God is above the Panamanians. Besides the intense nationalism, another attribute of this Government is that it appears to be a racket. It cancelled the few gambling concessions that existed here before and issued many more new ones to its friends, but in a really big way. Slot machines are now located everywhere in Panama except the churches, and maybe these will soon be in line too. Monopolies are also being created for agricultural products, meat, transportation, etc. etc. The President's private secretary was formerly Panama Consul in Hamburg and is today an avowed pro German. It is a most absurd situation to have these goings on in the Republic while the Zone is busy with defense.

SUBJECT

PANAMA - Bank Notes.

AMERICAN BANK NOTE COMPANY.

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- 3 -

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The only other important official I have not yet seen is the Comptroller, with whom I have an appointment for the day after tomorrow.

Our agent's younger brother, Pepe, was Dr. Albas' private secretary while the latter was in Europe and is now the Under Secretary of Finance. He is an extremely conscientious young man who unwittingly has done us a lot of damage. When the Linares-Arango Mission left for the States it was supposed to be a secret mission and this boy took the secret part so much to heart that he never even told our agent about. Even the President was surprised to hear that this boy had not given away a secret confidence to our agent, whose brother he is. That has made him stand aces high with the President but he certainly could have been of inestimable help to us. So it goes, but for the next time we have read the riot act to this boy.

The present Government is one of the most intense nationalism I have ever seen. They call it "Panamanismo" but others call it fascism. They carry their nationalism to such an extent that it sometimes borders on the ridiculous. They wanted and did change the coat-of-arms (it now again only has stars and the motto is different) and one of the mottoes that they were considering was: "Solo Dios Sobre Nosotros" which means that only God is above the Panamanians. Besides the intense nationalism, another attribute of this Government is that it appears to be a racket. It cancelled the few gambling concessions that existed here before and issued many more new ones to its friends, but in a really big way. Slot machines are now located everywhere in Panama except the churches, and maybe these will soon be in line too. Monopolies are also being created for agricultural products, meat, transportation, etc. etc. The President's private secretary was formerly Panama Consul in Hamburg and is today an avowed pro German. It is a most absurd situation to have these goings on in the Republic while the Zone is busy with defense.

AMERICAN BANK NOTE COMPANY.

Henry M. Keith
Panama

SUBJECT

PANAMA - Bank Notes.

to

New York

DATE August 11, 1941.

- 4 -

Formerly there were two independent newspapers here: The Panama American and The Star and Herald. The President put out a new pro Government sheet, La Tribuna, I believe, while the Star became passive. The Panama American, however, now belongs to the president's own brother, former president Harmodio Arias. This paper mildly opposes the Government and since there is a feud between the two brothers, it is rumoured that the Panama American will be forced to close down or be closed.

Over the week-end I was invited overnight to a place in the cooler hills some 70 miles from Panama and had a rather interesting time as it was an assorted party as it consisted of U.S. and foreign diplomats, the under secretary of finance, some other Panamanians and young Benjamin Welles, the son of Sumner Welles, who is here as a reporter for the N.Y. Times working under my old friend Mr. Calhoun, Chief of the Civil Affairs of the Canal, whom I have also seen. We also run into the president's nazi secretary and Valdez who wrote a pamphlet some time ago advocating bank notes.

With the exception of the Comptroller, with whom I already have an appointment, I have been in contact with a good cross section of Panama and the Isthmus and I believe that the report regarding the details of the notes is as correct as can be expected in a country where things may happen overnight.

Tomorrow we expect to receive the large order for stamps so there being nothing more to do here I expect to sail on the s.s. Talamanca from Cristobal next Thursday August 14th. bound for N.Y.

Yours very sincerely,

Henry M. Keith
Henry M. Keith

NOV 15 1941



A. B. M. CO.
HOBOKEN, N.J.

✓

B

AMERICAN BANK NOTE COMPANY.

PANAMA - Bank Notes.

SUBJECT

New York

to

Henry M. Keith
Panama

DATE August 11, 1941.

- 4 -

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Yours very sincerely,

Henry M. Keith

AUG 14 1941



AMERICAN BANK NOTE COMPANY.

Panama

to

New York

SUBJECT

PAPER CURRENCY - Panama

Via Airmail

DATE

August 18, 1941.

AUG 21 1941

AUG 27 1941

AUG 26 1941

ack: 8/26/41

Supplementing my letter of July 29th, I now wish to add the following: *H. R. K.*

After my conversation with the Minister of Finance on above subject, I decided to see the President of the Republic, and, accordingly, I requested an audience with him which was granted on August 7th.

Mr. Keith arrived the day before and, much as I would have liked to have him meet the President, I was unable to do so due to the fact that he is very strict on matters of this sort, especially when foreigners are involved, and will not receive anyone unless the appointment has been made thru the Ministry of Foreign Affairs. Since my appointment was made a week in advance, I could not change it nor was I able to include Mr. Keith.

I showed the President our specimen book and read to him that paragraph of your letter of July 24th which mentions the printing by us of bank notes for Panama in 1861, and he was most interested in this fact.

The President repeated what Minister Linares had previously told me: That all negotiations had been carried on in a strictly confidential way, with much haste, and that the only reason why the order was given to The Hamilton Bank Note Company was because these people were in contact with both the Minister of Finance and the Comptroller, since they were preparing the new bond issue on the consolidation of Panama's external debt.

The President expressed his regrets that nothing could be done and that we were not given a chance on this matter. He stated, however, that he thought that the bills now being printed will not last very long and promised that we will be given the order for the next printing. He also made this remark to me in a personal way: "And to think that no one will get the commission on this order".

Sincerely yours,

Charles Korman

cc by regular mail

C B

Panama

AMERICAN BANK NOTE COMPANY.

SUBJECT

PAPER CURRENCY - Panama

Via Airmail

DATE

August 18, 1941.

New York
to

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Sincerely yours,



Panama

DUPLICATE SENT

PAPER CURRENCY - PANAMA

Air Mail

C. P. R.
AUG 27 1941

August 26, 1941.

We acknowledge receipt and thank you for your interesting letter of August 18th telling us of your interview with the President of Panamá.

While we all greatly regret that the initial order for notes in Panama was not awarded to us, we hope that we now have built the foundations in order to get this business in the future.

When the new notes are placed in circulation please send us one of each, charging us for their value.

We sincerely hope that once the notes are in circulation that the Government of Panama, in its own best interests and protection, will order all plates destroyed and we would suggest that you continue your efforts to achieve this end.

We avail ourselves of this opportunity to express to you our appreciation for the valuable aid and cooperation which you rendered to Mr. Keith during his visit recently to your country.

Yours very truly,

Manager Foreign Department.

HMK:grl

10/10/41 CLIPPING - re Arias ousted in Panama

Boo Macell (B-2M)

H.M.K.
OCT 10 1941
Please file Panama
Bank of Issue.

NEW YORK

Herald Tribune

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New York Tribune Inc.

FRIDAY, OCTOBER 10, 1941

Arming nt Ships Madmen?

e Building Restrictions

and Private Construction
and Safety, but Projects
ected To Be Finished

Priorities of the Office of Production Management, signed an order placing all iron and steel scrap under priority control. The shortage in scrap is said to be threatening a shutdown or curtailment of steel mill operations.

The Navy issued instructions to its shore establishments calling upon them to salvage spark plugs for separate lots for scrap sales. The instructions were sent out after a letter was received from the O. P. M. calling attention to the fact that substantial quantities of brass, steel and nickel alloys are being recovered from spark plugs by various agencies of the government.

Henry Morgenthau jr., Secretary of the Treasury, revealed that silver consumption has risen to a point where it is now about 65,000,000 ounces annually. Due to the scarcity of lead, silver is being used for soldering.

Construction essential to defense, health and safety of the people will not be vetoed by the priorities division of the O. P. M. under the S. P. A. B. order. Federal, state and local construction, such as the building of postoffices, courthouses

(Continued on page 9, column 1)

Mexican Offer Is Turned Down By Standard Oil

Calling Token Payment Plan
Unsatisfactory, Company
Asks U. S. to Eliminate It

The Standard Oil Company of New Jersey has rejected a proposal of the Mexican government to settle the controversy which grew out of Mexican confiscation of American and British oil properties in 1938, W. S. Farish, president of the company, announced last night.

The proposal was included in a comprehensive economic and currency-stabilization agreement announced on Monday by Henry Morgenthau jr., Secretary of the Treasury. The agreement included a provision for a "token" payment of \$9,000,000 to American oil companies whose property had been expropriated. The \$9,000,000, however, a Standard Oil representative explained yesterday, would remain in escrow while the valuation of the properties was established by one man chosen by the Mexican govern-

(Continued on page 38, column 1)

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Arias Ousted in Panama After Ban on Ship Arming

Pro-Nazi President Flees to Cuba and Is Replaced
Twice in 3 Hours; Washington Says Change
Is Legal and Will Not Affect Recognition

By The Associated Press

PANAMA CITY, Oct. 9. — Dr. Arnulfo Arias, Nazi-minded President for a year of the Republic of Panama, was disclosed today to have fled to exile in Cuba a few hours after his Cabinet had banned the arming of United States ships under Panama registry, and tonight this country, which bestrides the Panama Canal, had its second new President. Two had been appointed, during the day, within three hours.

In jail were several of Arias's supporters, including his so-called strong man, the Panama City Mayor. With stringent precautionary measures in force, the country seemed to be orderly.

It was indicated the new regime under Ricardo Adolfo de la Guardia would co-operate more fully with the United States than did the Arias regime.

At Havana, where Arias arrived under his mother's name, "A. Madrid," the displaced President said today he was greatly surprised at his ouster and insisted he had gone to Cuba merely to see an eye doctor, expecting to return. He said he wanted to go back, but as a non-political figure, insisted he was not

pro-Nazi but "pro-Panama" and told reporters to draw their own conclusions as to whether the gun-banning decree for United States ships had had anything to do with his being deposed.

[At Washington, officials maintained that the change of regime in Panama had been effected legally and constitutionally, and the Department of State said no question of recognition by the United States was involved. Gratification over the change was expressed.]

Arias, a forty-year-old physician who received his medical education in the United States and once practiced at Boston, went by airplane first to Barranquilla, Colombia, and thence to Cienfuegos, Cuba. He ordered that no news of his departure be published and he did not designate a successor. The Panama Supreme Court order which replaced him said that he had "absented himself suddenly from the country, leaving vacant the post he had held," and that it was not possible to learn of his whereabouts.

Arias slipped out of the country before dawn Tuesday, but the news was let out only today. By nightfall

(Continued on page 2, column 5)

Council Defies Party Leaders Mayor, Offers Its Own Tax Cut In Registration

Deferring 1% Sales Levy
Bill, Majority Moves to
Reduce Water Charges

The City Council defied yesterday Mayor F. H. LaGuardia's demand for immediate enactment of bills to reduce the New York City sales tax and use tax to 1 per cent each. The Democratic majority stifled an attempt by the minority to have the bills discharged from committee and stuck to its original intention of holding a public hearing on the bills at 1 p. m. today. A vote on the bills is not expected before Tuesday.

Meanwhile the political battle between the Council and Mayor LaGuardia continued with a counter-attack by the Democratic majority in the form of a bill to reduce general water charges drastically.

"This bill is being introduced," said Councilman Joseph T. Sharkey, Brooklyn Democrat and majority leader, "with a view to relieving the taxpayers of this city, who have been suffering for the past eight years from overassessment and heavy taxation under the present administration. We feel that the increase in water rates made eight years ago should be rescinded at once because of the recent statement of the Department of Water Supply, Gas and Electricity that it has been operating at a profit."

When the Mayor, on Tuesday, recommended reduction of the sales and use taxes, the Democratic majority of the Council refused to act immediately and sent the bills to committee for possible amendment to change the tax rate to one-half or three-quarters of 1 per cent.

Following this, the Mayor delivered a campaign speech Wednesday night in which he assailed the Democrats for delaying action on the tax bills and warned that if the measures were not passed yesterday, the lower rate could not go into

(Continued on page 12, column 2)

All Boroughs but Queens
Trail '33 and '37; Most
Tammany Districts Slow

Political leaders in all parties were at loss yesterday to explain the lagging registration for this year's Mayoralty election. Despite the normal increase in city's population and of the large registration of 1938 and 1940, the total of the first three days of registration this year ran 40,521 behind the first three days of 1937 and even farther—41,951—behind the Mayoralty registration of 1933.

Only in Queens has the registration jumped ahead of the last two Mayoralty election years, being 13,679 ahead of 1937 for the first three days. This advance was explained by supporters of Mayor F. H. LaGuardia for re-election on the ground of increase in population of that borough. But the supporters of District Attorney William O'Dwyer of Brooklyn, Mr. LaGuardia's Democratic opponent, were disposed to see it as a good omen, since the Democrats are pinning their hopes on Queens to pull their candidate through.

While Democratic leaders have made small efforts to draw out anything but a clubhouse registration, the Republican, Fusion and American Labor parties, as well as independent groups, supporting Mayor LaGuardia have undertaken to stir up a large registration but without notable results as compared with previous years, indicating a general apathy on the party of the public. LaGuardia supporters attribute this apathy to a general public conviction that Mr. LaGuardia will be re-elected without difficulty and that, therefore, it is not necessary to take the trouble to register.

In districts usually strong in their

(Continued on page 12, column 4)

Epsteins Disagree About Mayor, But They Still Love Each Other

LaGuardia's Secretary Says
Husband Is Swell Guy, but
He Errs on Sales Tax Cut

Mrs. Ethel Steuer Epstein, labor secretary to Mayor F. H. LaGuardia and a staunch LaGuardia partisan in the city election campaign, learned yesterday that her husband, Henry Epstein, State Solicitor General, had sent to the City Council a letter excoriating the Mayor for his tactics in seeking reduction of the sales tax.

"Let the Mayor stew in his own juice," Mr. Epstein told the Council. "The political bauble is a patent fraud on the city," he said, asserting that the Mayor's fear of political oblivion "damns both the message (on the sales tax) and its author."

Mrs. Epstein at first said nothing. She composed herself, thanked heaven that the Mayor was in Washington for the day and sat down to figure a way of getting out of her predicament. Last night her mind was made up. She took out a pencil and carefully worded a public statement defining her position. It follows:

"My husband's loyalty to the party that put him in office, no matter what the party is doing, is an impressive thing. I disagree with him on the facts, as well as on the choice of candidates. But, anyhow, my husband is a swell guy, and we still love each other."

Mr. and Mrs. Epstein, who were

(Continued on page 12, column 6)



Herald Tribune—Acme
Mrs. Ethel Steuer Epstein



Herald Tribune—Rice
Henry Epstein

Missions Back In London, Sure Reds Will Hold

(Continued from page one)

rary successes," he said, "but I don't think they will discourage the Russians. The morale of the Russian people surprised me. They are standing up to the strain much better than I expected."

Immediate aid from Britain and America, it was indicated, will be in expanded supplies.

Responsible sources could offer no real hope for the reopening of a western land front on Britain's initiative.

Cabinet Shake-Up Possible

LONDON, Oct. 9 (UP).—Parliament leans to the belief that Russian setbacks indirectly have shorn Prime Minister Winston Churchill's government of its invulnerability and may bring about an eventual Cabinet shake-up.

Comprehensive comment from Conservatives, Socialists and Liberals produced the consensus that Britain had fallen short of a maximum effort to support the Soviets. Proposals for an attempted recoup ran from sending an expeditionary force to the Continent and opening up a western land front to a "new deal" on the home front, including nationalization of mines and railways and universal compulsion putting every able-bodied Briton into harness at war service.

The Members of Parliament agreed that Churchill, Labor Minister Ernest Bevin, Foreign Secretary Anthony Eden and Sir John Anderson, Lord President of the Council, still enjoyed popularity and the confidence of the country and of Parliament. However, they doubted whether a shakeup of other ministers would cause any particular commotion. They granted that the government has abnormal security, because outside it there exists no political party which matters.

Cabinet Members Less Gloomy

Government ministers themselves took a less gloomy view of the Soviet reverses than did members of the House of Commons.

Parliamentary opinion bobbed up repeatedly that the Soviet adversities would help President Roosevelt get quick action in revising the American neutrality law to open the way for increased aid to the Allies. Strongly influenced by a wave of pro-Russian feeling sweeping the nation, the Members of Parliament generally brushed aside official assurance that Britain had done everything possible to keep the Red Army in the battle.

"We haven't given till it hurts yet," a Conservative said. "We ought to do more for them."

Liberals concurred, and some argued that if the landing of an expeditionary force on the western shore of the Continent was impossible, then at least an invasion of Italy, or perhaps an incursion into Yugoslavia, should be undertaken in the hope of leading to local revolt.

Moscow Stems Nazi Advance At Two Points

(Continued from page one)

Vyazma, "Red Star" said, throwing in forces numerically superior to the defenders. Fuehrer Adolf Hitler was said to have drawn heavily on his Italian, Hungarian, Finnish, Slovak and other allies to attain a numeric preponderance there. The Luftwaffe, however, was said to be so inferior to the Red air fleet that it was confining itself to "operations in units of two or three planes, which raid peaceful villages and railway stations."

Once the Germans were said to have broken through several sectors of the Vyazma defense line, but they failed to follow up the advantage.

At one point Nazi tanks and infantry wedged into an area defended by General Ivan Boldin's troops. A fierce battle followed, and one of Boldin's groups was surrounded. It fought its way out, however, and Boldin counter-attacked and stopped the German advance.

The Germans then tried to force the river "M." "Red Star" said, but the Russians destroyed the crossings and killed German infantry using pontoons. The Germans then dropped 200 parachutists behind the Russian lines, but all of them were killed.

In three days, "Pravda," Communist party paper, said the Russians destroyed 200 tanks, 500 automobiles and a "great number" of aircraft.

The Smolensk district Communist party issued the call to all able-bodied citizens, men and women like, to "join the ranks of the army." It said the population was fighting beside the army at all points along the front.

Orel Changed Hands Twice

"Red Star" said the battle for Orel lasted three days and that the city of 100,000 persons changed hands twice. The Russians defended every street and house before abandoning the city, the publication said.

The Germans first took the city with the aid of heavy tanks. Soviet artillery and airplanes routed them. Withdrawing, the Germans reorganized their forces and prepared to attack again. Soviet planes continued bombarding them, and they fell back farther. The Russians then recaptured Orel, "Red Star" said, but reinforcements reached the Germans and they again charged into the city, the Soviet forces withdrawing to the north. The last attack cost the Germans thousands of dead and fifty tanks, "Red Star" said.

Marshal Klementi Y. Voroshilov's northern Russian forces were said to have taken the initiative in many sectors in an effort to relieve the pressure on Moscow. Leningrad dispatches said the Germans were suffering heavy calamities there. In the Novgorod sector, near where German forces were supposed to have started an offensive co-ordinated with that on the central front, a pincer maneuver against Moscow. Soviet troops repulsed the German attacks, counter-attacked and drove the Germans back, then held their ground. The Russians were reinforcing their positions in that sector, according to "Red Star."

Arias, Panama President, Out After Ban on Arming of Vessels

(Continued from page one)

three successive events had turned Panama's political position upside down:

The second vice-president, Ernesto Jaen Guardia, was sworn in at noon by the Supreme Court as provisional president, but by mid-afternoon he had resigned and the cabinet he had appointed called on Ricardo Adolfo de la Guardia to be president. De la Guardia subsequently was sworn in, and appointed practically the same cabinet. He was a long-time associate of Arias and the ranking cabinet officer under him.

Policemen Held in Barracks

All police were held in barracks against the possibility of an uprising; not a single policeman was visible in the streets; all Panama leaves for United States soldiers and sailors from the Canal Zone were canceled; Panama City and Colon were declared "off limits" for United States officers and men.

Mayor Nicolas Ardito Barletta, of Panama City, known as the iron man of the Arias regime, was jailed, and it was reported that the staff of Arias' newspaper "La Tribuna," was under arrest.

The government suspended gambling concessions, and slot machines were removed from saloons and cabarets, pending an investigation of their legality. At Colon, intoxicated celebrators were thrown out of bars.

Most people in the country knew nothing of the changes, however.

[From Bogota, Colombia, it was reported that Arias, after a year of constant discord with United States military and civilian authorities of the Canal Zone, had made sweeping demands on the United States involving a heavy payment by that country for the right to defend the Canal Zone.

[Foreseeing failure, however, he was said to have planned his getaway a month ago. Actually he left the morning after his Cabinet council had complicated United States plans to arm Great Britain-bound merchantmen by deciding to cancel Panamanian registry of any vessel so armed. A number of American-owned ships are carrying supplies to Britain under the Panama flag.]

Pressure Is Indicated

Outwardly there was no indication that anything but internal politics had pushed Arias out of the country, but in political circles it was hinted that pressure had been brought against him by Panamanian opponents who feared that his highly nationalistic policies would jeopardize relations with the United States.

While in office Arias proclaimed a policy of "Panama for the Panamanians," revised the constitution and caused legislation to be adopted barring Negroes and Asiatics from citizenship.

He did not openly oppose the United States, but the written text of a speech he made several months ago contained a paragraph stating that if Panama were to grant concessions to a power unfriendly to the United States it could cause a lot of trouble for the United States in the Canal Zone.

After Arias was out of the country the Supreme Court was unable at first to find any of the three Vice-Presidents and it prepared to swear in De la Guardia, who was Arias' Minister of Justice. At the last minute Jaen Guardia arrived from Mexico, where he had been serving as Ambassador. He took the oath at 12:40 p. m. today. After Jaen Guardia had resigned and De la Guardia had taken over, the government issued a manifesto calling on every one to be calm.

De la Guardia, like Arias a physician, had been taken into the Cabinet by the former President from the superintendency of Santo Tomas Hospital. He is in his forties.

Arias had a pre-Presidential career as a diplomat. He was Minister to Italy, France, Britain and Central American nations at various times, and represented his country as delegate to the League of Nations. It has been said of him that he helped Germany and Italy at Geneva prior to the exit of the Axis powers from the League.

He was accused by political opponents of Fascist tendencies, but he declared publicly that only democracy would serve an American nation as its political and social base. In 1940 he came home to campaign and win election to Panama's highest post, which his brother, Harmodio Arias, had held a decade earlier. Dr. Arias attended Hartwick College, New York; the University of Chicago and Harvard Medical School.

Legal, Says Washington

From the Herald Tribune Bureau

WASHINGTON, Oct. 9.—The coup d'etat in Panama which has brought Ricardo Adolfo de la Guardia to the Presidency in place of the reputedly pro-Nazi Dr. Arnulfo Arias involves no question of recognition of the new regime by the American government, which looks upon the change as a continuation of government under the constitution of Panama, it was indicated in Administration quarters tonight.

While no official statement was forthcoming, officials here were disposed to consider the change both legal and constitutional.

The reaction here was one of evident satisfaction that the Arias regime, considered pro-Nazi and unfriendly to the United States, had been terminated. While the result of the turnover on the foreign policy of Panama remains to be seen, it is firmly believed here that the change will be for the better.

The coup d'etat in Panama was the main subject of attention today at the Department of State, where officials followed the swift developments with the keenest interest. Secretary of State Cordell Hull had several talks with Under Secretary Sumner Welles, and the latter conferred with President Roosevelt this afternoon, when, it is assumed, the situation was discussed.

Former President Arias early indicated his sympathy with the Axis powers and his animosity toward the United States. Relations between Panama and the United States, admittedly strained, were somewhat relaxed last spring when an agreement was reached whereby the United States obtained the right to new bases in Panama, but took a turn for the worse when Arias announced that he would not permit the arming of ships under Panama registry.

The importance of the coup d'etat

Nazi Official Reported Flying to Panama City

PANAMA CITY, Oct. 9 (UP).—The coup d'etat in Panama today was accompanied by reports that the secretary general of the German ministry for Central America had arrived here by airplane yesterday. It was not known from where he came or whether he was now in Panama.

The same reports said Otto Reinebeck, the German minister for Central America, had arranged to fly here today but changed his plans suddenly because of the coup d'etat. He usually has his residence in Guatemala City.

in the whole picture of hemisphere defense was stressed by Secretary Hull at his press conference this morning. Asked whether it might be assumed that the United States would view most gravely any disorders in that strategically important country, he replied that it was a matter relating to the whole question of Pan-American defense.

German radio reports that the United States had engineered the coup d'etat were rejected by Administration officials, who said there was no basis for such charges. The American government, it was said, was taken completely by surprise, and had no advance information regarding the events in Panama.

The State Department was kept in close touch with what was happening in Panama today by telephoned reports from Edwin C. Wilson, the American Ambassador, who spoke several times with Under Secretary Welles.

Discord With United States

BOGOTA, Oct. 9 (P).—The one-year regime of Arnulfo Arias President of Panama was marked by almost constant discord with the United States military and civilian administrations in the Canal Zone, informed quarters here said today. They added that as much as a month ago Arias began to get his documents in order, apparently anticipating the necessity of abandoning his office.

The discord between Arias and the United States threatened at times to interfere seriously with the American defense program, it was said. Arias, it was said, had made a ten-point demand on the United States—the exact terms undisclosed—which informed persons said were of "a nature to make the American government pay a heavy price for the right to defend the Canal Zone."

It is known that, several times during the Arias regime, United States military authorities considered making the Panama republic "out of bounds" for United States military, naval and Canal Zone personnel because of difficulties with the Arias administration. This would have had virtually the effect of throttling the republic's economic life, since Panama depends largely on the patronage of Americans.

Travelers arriving here by air from Panama last night said there was no visible indication in the republic of any political crisis. For the last two days there had been no sign of extra police or troops on duty.

The travelers said, however, that there was great unrest within the government as a result of the administration's decision to issue a half-million dollars in paper currency. They said the administration had issued the paper money without the approval of Congress and that it was not being accepted in most places of trade.

Arias Is "Surprised"

HAVANA, Oct. 9 (P).—Arnulfo Arias said here today that he was "greatly surprised" by his replacement as President of Panama, and added that he was "through with politics," but would like to go home. He said he came here by airplane secretly Tuesday morning merely to consult an eye doctor, and had expected to return.

Asked whether he thought Panama's action in banning the arming of United States-owned ships sailing under Panama colors was responsible for his ouster, he replied: "You'll have to draw your own conclusions." He said he had had "no difficulties" with the United States government.

Asked about statements that he was pro-Axis, Arias replied: "No, I am not pro-Axis. I am pro-Panama."

In a written statement Arias said: "The cable news from Panama has been a great surprise to me. I do not wish to comment about that news now. No question of flight is involved. I have done a work for the people and Panamanian sovereignty of which I am proud and ready to take the consequences."

"I came to Havana to consult an eye specialist, which I did this morning, having seen Dr. Cruz Planas."

"That can be proven easily. I brought no baggage except a small bag, lightly packed. My passage for return by air has been bought. I suspect the causes which have brought this agitation and do not blame its authors. I regret them for the interest and decorum of my country, which I love and have wishes so much to help."

Arias said he wanted his friends in Panama to "act with the same patriotism and the same love for Panamanian institutions they have shown in my very, very, very short administration."

Arias said he was trying to telephone to the new President of Panama "to learn if I am at liberty to return to my beloved homeland. I am through with politics."

Asked whether he could name the causes of his overthrow, Arias said: "I do not know, unless it is that we are growing and such things may be expected with growth, even though some of us have to be sacrificed in the process."

Spanish

NEW CLASSES BEGIN TODAY

SPANISH—Friday, 2, 6 and 7 p. m.
PORTUGUESE—Friday, 10 a. m. and 8 p. m.
ITALIAN—Friday, 2 and 8 p. m.

BERLITZ SCHOOL OF LANGUAGES

630 Fifth Avenue Cl. 6-1416
Rockefeller Center (at 50th St.)
Same Classes in Brooklyn, 66 Court St.

26 More Cases Dissidents S Total Now

Offenses Range From Profiteering

AMERICAN BANK NOTE COMPANY.

OCT 14 1941

Via Airmail

Panama
to
New York

SUBJECT

PAPER CURRENCY

OCT -8 1941

DATE October 7, 1941.

Enclosed are three #clippings from local newspapers in connection with above, as follows:

Announcing that paper currency will soon be placed in circulation, although nothing official has been said nor published in the official gazette. In this clipping it is mentioned that The Hamilton Bank Note Company is preparing this paper currency, also, that practically all paper currency circulating in the Americas is engraved at the famous plants of the American Bank Note Company.

Decree #6 of September 30, 1941, creating the Banco Central de Emisión de la República de Panama and authorizing said Bank to issue paper currency.

Announcing the placing in circulation of paper currency and describing same.

Sincerely yours,

Elena Ehrman
Elena Ehrman

cc by regular mail
encls.

3 clippings in ENVELOPE
(1 in English)
(2 in Spanish)

Dec 14 - 1941

Panama
to
New York

AMERICAN BANK NOTE COMPANY

Via Airmail

PAPER CURRENCY

SUBJECT

DATE October 7, 1941

OCT 10 1941

Enclosed are three clippings from local newspapers in connection with above, as follows:

Announcing that paper currency will soon be placed in circulation, although nothing official has been said nor published in the official gazette. In this clipping it is mentioned that the American Bank Note Company is preparing this paper currency, also, that practically all paper currency circulating in the Americas is engraved at the Panama plant of the American Bank Note Company.

Noted as of September 30, 1941, creating the Banco Central de Panama de la Republica de Panama and authorizing said bank to issue paper currency.

Announcing the placing in circulation of paper currency and describing same.

Sincerely yours,

Wm. H. Brown
Wm. H. Brown

cc by register mail
also.

4-8 clippings in envelope
(1 in English)
(2 in Spanish)

11618-130



(EXCERPTS

TRANSLATION

THE CHIEF EXECUTIVE CREATES THE BANK OF ISSUE

Up to six millions in paper currency can be placed in circulation in
the country

For each Balboa issued in paper currency a real and cash reserve of one
balboa in silver coin must be maintained .

The Chief Executive has issued the following important de-
cree, by means of which is created the Bank of Issue, which will float on the
market the Panamanian bank notes which will shortly be issued by the Govern-
ment.

Article 1st There shall be created the banking institution
called "Banco Central de Emisión de la República de Panamá", hereinafter in
this decree ,called the bank, for an indefinite duration, located in the city
of Panamá, with power to issue and regulate the issuance and circulation of the
paper currency as national legal currency.

Article 2. The management, direction and administration of
the operations of the bank shall be in charge of a Board of Directors, made
up by five principal members and five substitutes who shall replace the princi-
pal members during their temporary absences.

The members of the Board of Directors shall be the Ministro
de Hacienda y Tesoro, who shall preside and shall have the legal representation
of the bank, the Manager of the Banco Nacional de Panama; the Administrator of
the Caja de Ahorros (Savings Bank) , and two Panamanian citizens who, together
with their respective substitutes, shall be appointed by the Chief Executive with
the approval of the Cabinet Ministers, for a period of 6 years, the initial date
of which shall be that of this present decree.

The substitutes of the Minister of Finance y Tesoro, of the
Manager of the Banco Nacional and of the Administrator of the Caja de

Ahorros.

Any resolution of the Board of Directors as regards the management, direction and administration of the operations of the bank, will require the approval of at least four members of the Board.

The Board of Directors shall ^{name} the personnel, of the employees that may be necessary for the proper functioning of the operations of the bank, to indicate the functions of such employees, assign their salaries and appoint them with the approval of the Chief Executive.

Article 3rd. The Comptroller General of the Republic shall ~~examine~~ ^{name} all the operations of the bank and shall make a general check ing at least every three months.

Article 4th The Bank can only place in circulation paper currency for an amount not greater than six millions of balboas.

For each balboa issued in paper currency which is placed in circulation it must keep a real and cash reserve of one balboa ^{National legal} in silver coinage or 0.987 $\frac{1}{2}$ milligrams in gold, of 0.900 mills fine, or the equivalent thereof in U.S. Currency, bearing in mind the monetary agreement existing between the two countries.

x x x x

Article 5th The bank shall issue the national legal currency with the prior approval of the Chief Executive, in the quantity and denomination, and the requirements which may be determined by the Board of Directors.

All the notes which may be issued by the bank shall have the signature, in facsimile, of its legal representative, as Ministro de Hacienda y Tesoro and of the Comptroller General of the Republic.

Article 6th Such notes which may be issued and which are not in circulation, shall be deposited in the vaults referred to in ~~paragraph 3rd~~ ^{paragraph 3rd} of the 5th article of this decree, under the custody (jointly) of the president and two additional members of the bank, selected by the board.

x x x x x

Article 12th. All the expenses for printing, transportation office and petty cash expenses incurred by reason of the issue, circulation and convertibility of the paper money, shall be paid by the Nation . For the payment of those expenses the approval is first required of the Minister of Finance y Tesoro and the Comptroller General of the Republic.

x x x x x

This decree shall be ~~in force from the date of~~ its promulgation.

(IW)

C. P. R.
OCT 15 1941

TRANSLATION

IT IS STATED THAT THE NOTES OF THE BANCO DE LA REPUBLICA
WILL SHORTLY BE CIRCULATING.

TO DATE NO REFERENCE IS MADE THEREOF IN THE OFFICIAL
GAZETTE.

It is assured that the notes have been engraved by the
Hamilton Bank Note Co.

The issue of bank note or "paper currency", or "paper money"
of the Republic has not been mentioned as yet in the Official Gazette, even
though it is openly talked about in different parts of the city, in the
sense that they already have arrived in the Republic and that soon the said
notes will be in circulation. Therefore, it is not known whether those notes
will be legal tender or if they will be backed up or not by a cash reserve.

Neither is it known as yet if the State itself is going to make
the issue of the notes or if this power will be transferred to some banking
institution under the control of the State.

Nevertheless, it has been learned that even though there have been
no publications of any call for bids for the work of engraving of the notes this
work has been done, or is being done, by The Hamilton Bank Note Company. It is
stated that the preparatory arrangements were made in New York when the Minister
of Finance and the Comptroller General went to that city on an official mission
some months ago. Almost all the notes which circulate in the Americas were
engraved in the famous works of the American Bank Note Company.

BOND

THREE (3) Clippings enclosed

C. P. R.
OCT 15 1941

EL EJECUTIVO CREA EL BANCO DE EMISION

Hasta Seis Millones en Papel Moneda Podrán ser Puestos en Circulación en el País

Por Cada Balboa Emitido en Papel Moneda se Debe Mantener Una Reserva Real y Efectiva de un Balboa en Moneda de Plata

El Poder Ejecutivo ha dictado el siguiente importante decreto por medio del cual se crea el Banco de Emisión, que lanzará al mercado los billetes de banco panameños, que deben ser emitidos en breve por el Gobierno: *DECRETO 64 DE SEPT. 20*

Artículo 10.— Créase la institución bancaria denominada "Banco Central de Emisión de la República de Panamá", que en adelante, en este Decreto se llamará el Banco con duración indefinida, con domicilio en la ciudad de Panamá y con facultad para emitir y regular la emisión y circulación del papel moneda como moneda fiduciaria nacional de curso legal.

Artículo 20.— El manejo, dirección y administración de las operaciones del Banco, estarán a cargo de una Junta Directiva integrada por cinco miembros principales y cinco suplentes que reemplazarán a los principales en sus faltas temporales.

Serán miembros de la Junta Directiva, el Ministro de Hacienda y Tesoro, quien la presidirá y tendrá la representación legal del Banco; el Gerente del Banco Nacional de Panamá; Administrador de la Caja de Ahorros; y dos ciudadanos panameños quienes junto con sus suplentes respectivos serán nombrados por el Poder Ejecutivo con la aprobación del Consejo de Gabinete, por un período de 6 años, cuya fecha inicial será la del presente decreto.

Los suplentes del Ministro de Hacienda y Tesoro, del Gerente del Banco Nacional y del Administrador de la Caja de Ahorros serán, respectivamente, el Secretario del Ministerio de Hacienda y Tesoro, el Sub-Gerente del Banco Nacional y el Sub-Administrador de la Caja de Ahorros.

Cualquier acuerdo de la Junta Directiva en cuanto al manejo, dirección y administración de las operaciones del Banco, necesitará la aprobación de por lo menos cuatro miembros de la Junta.

Corresponderá a la Junta Directiva determinar el personal de empleados que sea necesario para la buena marcha de las operaciones del Banco, señalar las funciones de dichos empleados, asignarles sueldos, y nombrarlos con la aprobación del Poder Ejecutivo.

Artículo 30.— El Contralor General de la República fiscalizará todas las operaciones del Banco y hará un arqueo general por lo menos una vez cada tres meses.

Artículo 40.— El Banco sólo podrá poner en circulación el papel moneda por un importe no mayor de seis millones de balboas.

Por cada balboa emitido en papel moneda que ponga en circulación el Banco, debe mantenerse éste una reserva real y efectiva de un balboa en moneda de plata nacional de curso legal o 0.9872 miligramos de oro, de 0.900 milésimos de fino o su equivalente en moneda de los Estados Unidos de Norte América, teniendo en consideración el convenio monetario existente entre los dos países.

Esta reserva, que en adelante se llamará la garantía, se mantendrá en las bóvedas del Banco. Mientras el Banco no tenga su edificio propio, la garantía se mantendrá en las bóvedas del Banco Nacional, en un compartimiento especial, al cual sólo tendrán acceso los funcionarios.

Artículo 12.— Todos los gastos de impresión, transporte y de oficina y los gastos menudos que ocasiona la emisión, circulación y convertibilidad del papel moneda nacional, serán pagados por la Nación. Para el pago de dichos gastos se requiere la aprobación previa del Ministerio de Hacienda y Tesoro y del Contralor General de la República.

Artículo 13.— No podrán variarse ni modificarse en forma alguna las bases y condiciones esenciales de la emisión, ni podrán disminuirse ni vulnerarse los derechos de los tenedores de billetes emitidos, sin retirar la totalidad de la emisión mediante la conversión total de los billetes emitidos en circulación.

Artículo 14.— Este Decreto comenzará a regir desde su promulgación.

Se Dice Que Pronto Circularán los Billetes de Banco de la República

No hay referencia en la Gaceta Oficial hasta la fecha

Asegúrese que los billetes los ha grabado la Hamilton Bank Note Co.

La emisión de billetes de banco o de "papel moneda" o de "moneda de papel" de la República, no ha sido todavía mencionada en la Gaceta Oficial, aun cuando abiertamente se habla en distintos sectores de la ciudad en el sentido de que ya llegaron a la República y que pronto estarán en circulación los citados billetes. No se sabe, por tanto, si dichos billetes serán de curso forzoso o si tendrán o no un respaldo efectivo. Tampoco se sabe todavía si el Estado mismo va a hacer la emisión de los billetes, o si esa facultad va a ser transferida a alguna institución bancaria bajo el control del Estado.

No obstante, si ha podido averiguarse, que aún cuando no se han publicado avisos llamando a licitación para el trabajo del grabado de los billetes, ésta labor la ha llevado a cabo o la lleva a cabo The Hamilton Bank Note Company. Se dice que los arreglos preparatorios se hicieron en Nueva York cuando el Ministro de Hacienda y el Contralor fueron a esa ciudad en misión oficial hace varios meses. Casi todos los billetes que circulan en las Américas han sido grabados en los famosos talleres de "The American Bank Note Company".

Edgewood, Iowa, he first came to the Canal Zone in 1922 when he was transferred from Letterman General Hospital in San Francisco, California, where he was reassigned when he completed his first tour of duty on the Isthmus.

MEN LOVE TO BE NEAR THE GIRL WHO'S SWEET. A LUX SOAP BEAUTY BATH PROTECTS DAINTINESS—MAKES YOU SURE!



MEDICINE

Hours To End RITIS, LUMBAGO, BACKACHE, RIGIDITIES UNDER EYES, LOSS OF ANKLES, BURNING, SMARTING UP NIGHTS, etc.

Mrs. B. of Convey Isle: "I had not felt well for ages—backache and headache—and tried almost everything. Then I thought I would give Cystex a trial and wish I had tried it long ago and saved myself much time and expense, as has improved my health more in two or three days than other things have done for months."

Cystex is a positive, speedy and guaranteed remedy for all ailments having an origin in faulty kidney action which causes poor elimination of toxic acids, poisons, and waste matter from the system. Cystex is approved by doctors and chemists in 73 countries.

EL EJECUTIVO CREA EL BANCO DE EMISION

Hasta Seis Millones en Papel Moneda Podrán ser Puestos en Circulación en el País

Por Cada Balboa Emitido en Papel Moneda se Debe Mantener Una Reserva Real y Efectiva de un Balboa en Moneda de Plata

El Poder Ejecutivo ha dictado el siguiente importante decreto por medio del cual se crea el Banco de Emisión, que lanzará al mercado los billetes de banco panameños, que deben ser emitidos en breve por el Gobierno: **DECRETO 6 DE SEPT. 20**

Artículo 1o.— Créase la institución bancaria denominada "Banco Central de Emisión de la República de Panamá", que en adelante, en este Decreto se llamará el Banco con duración indefinida, con domicilio en la ciudad de Panamá y con facultad para emitir y regular la emisión y circulación del papel moneda como moneda fiduciaria nacional de curso legal.

Artículo 2o.—El manejo, dirección y administración de las operaciones del Banco estarán a cargo de una Junta Directiva integrada por cinco miembros principales y cinco suplentes que reemplazarán a los principales en sus faltas temporales.

Serán miembros de la Junta Directiva, el Ministro de Hacienda y Tesoro, quien la presidirá y tendrá la representación legal del Banco; el Gerente del Banco Nacional de Panamá; Administrador de la Caja de Ahorros; y dos ciudadanos panameños quienes junto con sus suplentes respectivos serán nombrados por el Poder Ejecutivo con la aprobación del Consejo de Gabinete, por un período de 6 años, cuya fecha inicial será la del presente decreto.

Los suplentes del Ministro de Hacienda y Tesoro, del Gerente del Banco Nacional y del Administrador de la Caja de Ahorros serán respectivamente, el Secretario del Ministerio de Hacienda y Tesoro, el Sub-Gerente del Banco Nacional y el Sub-Administrador de la Caja de Ahorros.

Cualquier acuerdo de la Junta Directiva en cuanto al manejo, dirección y administración de las operaciones del Banco, necesitará la aprobación de por lo menos cuatro miembros de la Junta.

Corresponderá a la Junta Directiva determinar el personal de empleados que sea necesario para la buena marcha de las operaciones del Banco, señalar las funciones de dichos empleados, asignarles sueldos, y nombrarlos con la aprobación del Poder Ejecutivo.

Artículo 3o.—El Contralor General de la República fiscalizará todas las operaciones del Banco y hará un arqueo general por lo menos una vez cada tres meses.

Artículo 4o.—El Banco sólo podrá poner en circulación el papel moneda por un importe no mayor de seis millones de balboas.

Por cada balboa emitido en papel moneda que ponga en circulación el Banco, debe mantenerse éste una reserva real y efectiva de un balboa en moneda de plata nacional de curso legal o 0.987½ miligramos de oro, de 0.900 milésimos de fino o su equivalente en moneda de los Estados Unidos de Norte América, teniendo en consideración el convenio monetario existente entre los dos países.

Esta reserva, que en adelante se llamará la garantía, se mantendrá en las bóvedas del Banco. Mientras el Banco no tenga su edificio propio, la garantía se mantendrá en las bóvedas del Banco Nacional, en un compartimiento especial, al cual sólo tendrán acceso los funcionarios

del Banco.

Esta garantía no será negociable y será usada únicamente en la convertibilidad del papel moneda a que se refiere este decreto.

Artículo 5o.— El Banco emitirá los billetes de moneda fiduciaria nacional de uso legal con la previa aprobación del Poder Ejecutivo, en la cantidad y denominación y con los requisitos que determine su Junta Directiva.

Todos los billetes que emita el Banco llevarán la firma en facsimil de su representante legal, como Ministro de Hacienda y Tesoro y del Contralor General de la República.

Artículo 6o.—Los billetes emitidos que no estén en circulación serán depositados en las bóvedas de que trata el inciso 3o. del Artículo 5o. de este Decreto, bajo la custodia conjunta del Presidente y de dos miembros más del Banco, escogidos por la Junta.

El compartimiento donde se guarden la garantía, así como los billetes no emitidos, estará provisto de tres combinaciones o cerraduras diferentes y cada custodio conocerá únicamente una combinación y poseerá la llave en forma de que, para poder abrir el compartimiento será necesario la presencia simultánea de las tres personas.

Artículo 7o.—El Ministro de Hacienda y Tesoro, cuando lo crea conveniente, dará instrucciones al Banco Nacional de Panamá, para que de los fondos del Estado depositados allí pague las obligaciones de la Nación en papel moneda.

Para poder llevar a cabo estas instrucciones, el Banco estará obligado a suministrar al Banco Nacional de Panamá, a solicitud de su Gerente, el papel moneda a cambio de igual suma en balboas de plata de curso legal o sus equivalentes.

Artículo 8o.—El Banco podrá ser gado a convertir en balboas de plata de curso legal o en moneda fraccionaria de los Estados Unidos de Norte América por su valor nominal el papel moneda nacional que le presente cualquier tenedor.

La convertibilidad a que se refiere este artículo se hará por intermedio del Banco Nacional de Panamá.

Artículo 9o.—La Junta Directiva publicará en la Gaceta Oficial dentro de los primeros diez días de cada mes, un cuadro sinóptico de todas las operaciones que haya efectuado el Banco durante el mes anterior, con indicación del número y valor de billetes en circulación y del monto de la garantía.

Artículo 10.—El Banco no cambiará los billetes que tengan menos del 60% de su área o que estén deteriorados en forma tal que haga imposible su identificación.

Artículo 11.— Cuando el Banco tenga billetes nacionales mutilados, deteriorados o inservibles para su uso y en cantidad mayor de cinco mil, procederá a su incineración. Esto deberá hacerse en presencia de tres miembros de la Directiva del Banco y del Contralor General de la República, y a continuación se levantará el acta respectiva, la que deberá ser firmada por todos los restantes.

Artículo 12.—Todos los gastos de impresión, transporte y de oficina y los gastos menudos que ocasione la emisión, circulación y convertibilidad del papel moneda nacional, serán pagados por la Nación. Para el pago de dichos gastos se requiere la aprobación previa del Ministerio de Hacienda y Tesoro y del Contralor General de la República.

Artículo 13.—No podrán variarse ni modificarse en forma alguna las bases y condiciones esenciales de la emisión, ni podrán disminuirse ni vulnerarse los derechos de los tenedores de billetes emitidos, sin retirar la totalidad de la emisión mediante la conversión total de los billetes emitidos en circulación.

Artículo 14.— Este Decreto comenzará a regir desde su promulgación.

gran valor para los intereses patrios.

En nuestro país —ya hemos tenido ocasión de manifestarlo antes con motivo de fecha análoga— casi todo aparece como un gran campo por explorar, como una tierra virgen que espera la acción magnífica del arado. En el campo social, en el económico, en el fiscal, en el administrativo en general, hay muchas cosas que realizar por lo mismo de que apenas llevamos unas pocas décadas de existencia. Y así con celo, con inteligencia, con patriotismo ajeno a desfallecimientos, un mandatario puede, durante su lapso presidencial, realizar tarea que repercuta en las generaciones futuras y que al mismo tiempo sea personalmente, timbres de gloria.

los Panameños

PANAMA	VB.	C.	H.
Austin,	.4	2	2
Garrido,	.3	1	0
Lucas,	.4	2	2
Barnett,	.5	3	1
Chevannes,	.6	0	0
Applewhite,	.5	3	2
Mahoney,	.5	3	4
Harris,	.4	0	1
Maloney,	.1	0	1
Scantlebury,	.2	0	0
García,	.2	0	0
Kellman,	.2	0	1
	43	14	14

PUERTO RICO	VB.	C.	H.
Alberdesten,	.3	1	0
Navarro,	.3	0	0
Tirado,	.1	0	0
Gerald,	.2	1	1
Ortiz,	.3	0	0
Clemente,	.4	0	2
Villar,	.1	0	1
Gálvez,	.2	0	0
Martínez,	.0	0	0
Ortiz,	.0	0	0
Santos,	.1	0	0

(Pasa a la Página 8, columna 2.)

Kid Zefine se en Colón a un Asaltos con Pe

941

plastó a hoy la nkee Sta

Cómo Jugaron Puerto Rico y Panamá

Sumario

Carreras empujadas: Applewhite 4, Mahoney 3, Austin 3, Lucas, Chevannes, Barnett y Harris 1; River y Clement 1.

Hit de tres bases: Austin.
Hit de dos bases: Gerald.

Bases robadas: Mahoney 2, Alberdesten 1.

Jugadas dobles: Panamá 3 (Garrido a Mahoney, Mahoney a Austin, Mahoney). Puerto Rico 2 (Rodríguez a Ramos a Navarro, Sánchez sin asistencia).

Quedados en bases: Panamá 9, Puerto Rico 7.

Ponchados: Mahoney 3, Maloney 1, Scantlebury 1, Ortiz 1 y Navarro 1.

Bases por bolas: Martínez 2, Mahoney 2, Mahoney 3, Scantlebury Ortiz 2, Santos 1.

Golpeados por el lanzador: F Santos, Harris.

Incogibles pegados por los lanzadores: A Martínez 1 en 0 inning; 14 bateadores; a Ortiz 7 en 11 de inning y 11 bateadores; a Santos 3 en 1 2/3 de inning y 9 bateadores; a Navarro 2 en 6 innings; Mahoney 1 en 4 innings y 12 bateadores; a Scantlebury 3 en 2 innings y 9 bateadores; a Maloney 1 en cu

iversario como el de hoy pue-
r la satisfacción de que avanza
ara la patria y de orgullo para
prosos que, junto con sus since-
sta fecha simbólica, al Excmo.
rias, LA ESTRELLA DE PA-

'Bohemia' Con Especial panamá

rido, de Gran Interés
mera Vez que en el Exterior
ro País Homenaje Parecido

Municipio de Panamá.
La Lotería Nacional de Panamá
y su Gerente don E. Llares.
El Cuerpo de Bomberos y su Comandante Don J. A. Guizado.
El Hospital Santo Tomás.
El Banco Nacional.
Un resumen del año de Gobierno del Presidente Arias.
Páginas de vistas de las ciudades de Panamá y Colón.
Vistas turísticas de San Blas.
Informaciones sobre turismo y casas comerciales.
La música Panameña, por el D.

Hoy Aparecerá Su Número Especial Dedicado a Panamá

Trac un Material Nuevo Para Todos. Es la Primera Se le Ofrece a Nuestros

Ayer, a las dos de la tarde, apareció la gran revista habanera "Bohemia", la revista de las mayores simpatías populares, y... con que material...! A más de sus páginas corrientes sobre tópicos que captan la actualidad mundial, cuantos y gráficos, trae más de 3 páginas exclusivamente dedicadas a nuestra patria.

Hé aquí parte del material sobre Panamá:

Autógrafo del Presidente de Panamá.

Entrevista con el Presidente de Panamá.

Permiso un "incógnito" de Panamá.

Lucas que impulsó la primera carrera, cedió su puesto a Ortiz, quien tampoco pudo contener la recta b

tería panameña, que produjo siete carreras antes que fuera reempl

zado por Santos en el segundo episodio, quien a su vez permit

dos carreras más en la misma e

trada y tres en el tercer episodio.

Continuó en el box Navarro.

El lanzador panameño Haro

Maloney fue sustituido en el quinto

inning habiendo sólo permitido a

astado incógnito y una carrera.

(Pasa a la Página 8 columna 1)

te vigilando a los que estaban en-
vuelto antes de tomar una acción
decisiva.

Un comentarista alemán dijo que
"el mundo exterior" está tratando
de hacer de eso un episodio de

un modelo de virtudes, que contras-
tan visiblemente con la relajación
actual de costumbres.

El P. Marcos era muy conocido
en nuestra ciudad y en la Provin-

cansable en aquellos desiertos, ha-
ta que, en el año de 1902 la Revo-
lución Liberal le obligó a salir de
la República, refugiándose en las
casas, que sus hermanos, los Agus-
tinos de la Provincia de Filipinas.

de Elecciones"

Segundo: Existe alguna Resolu-
ción que establezca un procedi-
miento diferente a lo dispuesto por
artículo 137 de la Ley 28 de 1930, o

lado sobrecargados de trabajo. T

hay duda que hay muchos pilet

pero han sido diseminados p

Francia, Bélgica y Holanda. Un

prueba de este sobrecargo de tr

Se Dice Que Pronto Circularán los Billetes de Banco de la República

Sept. 27

No hay referencia en la Gaceta Oficial hasta la fecha

Asegúrase que los billetes los ha grabado la Hamilton Bank Note Co.

La emisión de billetes de banco o de "papel moneda" o de "moneda de papel" de la República, no ha sido todavía mencionada en la Gaceta Oficial, aún cuando abiertamente se habla en distintos sectores de la ciudad en el sentido de que ya llegaron a la República y que pronto estarán en circulación los citados billetes. No se sabe, por tanto, si dichos billetes serán de curso forzoso o si tendrán o no un respaldo efectivo.

Tampoco se sabe todavía si el Estado mismo va a hacer la emisión de los billetes, o si esa facultad va a ser transferida a alguna institución bancaria bajo el control del Estado.

No obstante, si ha podido averiguarse, que aún cuando no se han publicado avisos llamando a licitación para el trabajo del grabado de los billetes, ésta labor la ha llevado a cabo o la lleva a cabo The Hamilton Bank Note Company. Se dice que los arreglos preparatorios se hicieron en Nueva York cuando el Ministro de Hacienda y el Contralor fueron a esa ciudad en misión oficial hace varios meses. Casi todos los billetes que circulan en las Américas han sido grabados en los famosos talleres de "The American Bank Note Company".



El teniente coronel Manly Gibson, del ejército norteamericano (a la izquierda), muestra la colocación del rifle que él ha sugerido para ser usado en las maniobras del cuerpo de artillería y así ahorrarle mucho dinero a los que pagan contribuciones al estado, ya que de ese modo no se usarían los proyectiles de gran calibre.

Edward B. Germain, presidente de la Dunlop Tire and Rubber Corporation es el presidente y administrador general de la organización, que lleva por nombre "Ships Incorporated". La Junta de Directores está integrada por el Secretario de Marina, Knox; el contralmirante Emory Land, Pdte. de la Comisión Marítima; J. W. Powell, ayudante de señor Knox, y uno de los miembros de la Comisión.

más reunidas, para que queden satisfechos todos los ciudadanos de la nación, quienes desean ver al frente del gobierno a un genio que haga milagros a contentamiento general; y como ello es humanamente imposible, de allí dimanar la mayoría de los descontentos, pues, como decía el gran Gladston: "Todos los gobernantes son buenos, pero los pueblos los vuelven malos".

Nosotros creemos con sinceridad que el primero de los atributos que necesita un gobernante, es el conocimiento de los nombres. No es poca cosa, el tacto de escoger con tino el personal que colabore en el éxito o fracaso de una administración; porque hay que saber distinguir entre los hombres de indiscutible valor intrínseco, que saben lo que llevan entre manos y cuya cooperación es necesaria a una buena administración, para establecer la diferencia que ta-

Con la exhibición de la notable y extraordinaria película de la acreditada marca GROVAS & Cia, Sello de Garantía, la que lleva por título: "Creo en Dios" se corre el telón del presente, para brindarle en lo futuro lo nunca imaginado por toda la humanidad.

Enrique Pascual & Cia., Ltd. es la nueva Empresa, que espera sorprender al público, con el formidable Equipo, que ya está instalado en la amplia caseta del Teatro "CAPITOLIO", el que puede llamarse la última palabra "Mirrophonic Master 1941" reproducción del original "WESTERN ELECTRIC" la sensación del año.

Los técnicos han trabajado, hasta altas horas de la noche, con el exclusivo objeto de no perder el menor e insignificante detalle del sonido maravilla, el cual ha estado bajo la estricta dirección del ingeniero, el pundonoroso y culto caba-

Edgewood, Iowa, he first came to the Canal Zone in 1922 when he was transferred from Letterman General Hospital in San Francisco, California, where he was reassigned when he completed his first tour of duty on the Isthmus.

MEN LOVE TO BE NEAR
THE GIRL WHO'S **SWEET.**
A **LUX SOAP** BEAUTY
BATH PROTECTS
DAINTINESS—MAKES
YOU **SURE!**



MEDICINE

Hours To End
RITIS, LUMBAGO, BACKACHE
RCLES UNDER EYES, LOSS OF
ANKLES, BURNING, SMARTING
NG UP NIGHTS, etc.

ried medical men, who study in the Uni
e effect of various medicines upon case
es are best for various ills of the body
medicine for the million—they *know* tha
ex is without an equal. Now read what

Mrs. B. of Convey Isle: "I had not felt we
for ages—backache and headache—and tried
almost everything. Then I thought I would give
Cystex a trial and wish I had tried it long ago
and saved myself much time and expense, as
has improved my health more in two or three
days than other things have done for months.

Cystex is a positive, speedy and guaranteed
remedy for all ailments having an origin in
faulty kidney action which causes poor eliminat
tion of toxic acids, poisons, and waste matter
from the system. Cystex is approved by doctors
and chemists in 73 countries.

Panama's First Paper Money Placed In Use

President Given First Bills In Each Denomination

The first series of the new paper money issued by the Republic of Panama was placed in circulation this morning with the issuance of bills in the denominations of one, five, ten and twenty Balboas.

It fell to Rene Orillac, cashier in the National Bank, to put in circulation the first bills in the history of the republic, when he gave President Arnulfo Arias the first number of each series.

As soon as it became known that the bank had the new bills a long line of curious persons and collectors formed to get low numbers of the first series.

The new bills, issued in the same size as the bills of the United States, six by two and three quarters inches, are attractively designed. The one Balboa bill carries a picture of Vasco Nuñez de Balboa, and is printed in a deep green with red decorations. The five Balboa bill shows a reproduction of the statue of Urreca and is printed in purple and orange.

The ten Balboa bill, printed in violet and yellow with green ornaments, depicts the tower of Old Panama, while the 20 Balboa denomination, showing an oxcart, in a classic interior scene is produced in orange and purple.

The backs of all the bills are the same in that they show the national shield although the colors change with each denomination.

The chief of the National Bank, Eduardo de Alba, explained today that this money will be legal tender, but that no one will be required to accept it, and that if a person refuses to take such money he must be paid in other types of silver or bills.

BANCO CENTRAL DE EMISIÓN DE LA REPÚBLICA DE PANAMÁ

Excerpt from attached clipping of "Diario de Costa Rica" - 10/10/41

giving the reasons for the overthrow of former President Arias of Panamá.

"Concerning internal affairs there was evident unrest and uncertainty, and specially the decision of the Government to make an issue of half a million dollars in paper money without legislative authority had had a bad reaction".

OCT 24 1941

BANCO CENTRAL DE EMISIÓN DE LA REPÚBLICA DE PANAMÁ

Excerpt from attached clipping of "Diario de Costa Rica" - 10/10/41
giving the reasons for the overthrow of former President Arias of Panamá.

"Concerning internal affairs there was evident unrest and uncertainty, and specially the decision of the Government to make an issue of half a million dollars in paper money without legislative authority had had a bad reaction".

PRIMERA NOTICIA.—

PANAMA, 9.—(PA.)—El presidente doctor Arnulfo Arias huyó secretamente del país en la madrugada del martes, pero en forma tan secreta que la noticia no se conoció sino en las primeras horas de hoy, cuando, determinada la ausencia, la corte procedió a juramentar al sucesor. Todavía no son claros los hechos, ni la razón de la huida ni si hubo presión extraña o interna y el país se ha enterado de los hechos con la resolución de la Corte.

PANAMA, 9.—(PA.)—Terminó, aproximadamente después de un año de haberse iniciado, el gobierno del presidente doctor Arnulfo Arias, quien salió secretamente del país para Cuba en la mañana del martes, algunas horas después de que su gabinete había dictado el decreto por el cual se prohibía armar los barcos de bandera panameña. Ese año de gobierno se caracterizó por múltiples dificultades. El presidente Arias no tuvo realmente amigos y colaboradores leales dentro de su gobierno. Había fuerte oposición y se le acusaba de simpatizante nazi, a todo lo cual se sumaron diversas dificultades con los Estados Unidos, derivadas de la labor nacionalista poco organizada y esporádica del jefe de estado. Se sabe que el presidente conocía su situación y que días antes de abandonar el país había preparado sus cosas a fin de emprender el viaje en cualquier momento. Sin embargo, su partida se mantuvo en secreto y no fue sino anoche que se conoció por algunos, de modo que en cierta forma fue una sorpresa para el país la juramentación del nuevo jefe de estado provisional que hizo esta mañana la corte suprema de justicia. Dicese que el presidente, aparte del asunto de los barcos, se había creado un conflicto de mayor importancia con los Estados Unidos, al plantearles una demanda de diez puntos, que hasta ahora se desconocen, para hacerles pagar caro el derecho de defender el Canal. En lo interno, había evidente malestar e inseguridad y especialmente había caído mal la decisión del gobierno de hacer una emisión de medio millón de dólares en papel, sin la autorización legislativa. Los sucesos se han desarrollado hoy con extraordinaria rapidez. En la mañana el público se enteró de la partida del presidente, ocurrida dos días antes; luego se informó que había sido juramentado por la corte el segundo vice-presidente Ernesto Jaen Guardia, quien nombró nuevo gabinete; pero a medio día se anunció que Jaen había renunciado y que el gabinete había llamado al ministro de gobierno, Ricardo Adolfo de la Guardia, para jefe provisional del estado. De la Guardia fue entonces juramentado y conservó prácticamente el mismo gabinete, con la salvedad del ministerio de gobierno. Hubo varios arrestos, entre otros el del alcalde de Panamá, que era el hombre fuerte del presidente Arias. Pero fuera de estos arrestos, de la natural excitación y del acuartelamiento de la policía en Panamá y Colón, el orden se mantiene. Están arrestados también los miembros del staff de "La Tribuna", el diario vocero del presidente Arias. Ya se han tomado disposiciones directamente dirigidas contra los actos del gobierno anterior, entre otras la de suspender todas las licencias de juego y clausurar las máquinas de juego en cafés y cabarets, mientras se investiga su legalidad. Arias partió en un avión expreso a Barranquilla dejando órdenes de que no se publicara su partida y llegó ayer a Cuba, empleando simplemente el nombre de A. Madrid, que es la inicial de su nombre y apellido y el apellido materno. De la Guardia es también médico y fue llamado por Arias para servir en el gobierno abandonando su cargo de médico superintendente del Hospital Santo Tomás. Tan pronto como se juramentó hizo publicar un manifiesto de su gobierno al país, para pedir orden y calma a todos los ciudadanos.

DECLARACIONES DE ARIAS EN LA HABANA.—

era estación nacional

extranjeras cortesía de todos los anunciantes de

ARTISTAS NACIONALES (Estrenos)

mayor de Beethoven ejecutado por el solista
acompañado por la Orquesta Sinfónica de la
le CANADA DRY)

la "LA LIGA DE LAS NACIONES" con Paco Mi
món Armengod, Mapy Cortés. (Cortesía de la
AMERICA CANTA..... rancheras, cue-
s, joropos, etc.

or Artistas nacionales (Cortesía de la Cerve-
).

uardo Blanco (Cortesía de los Radios KNIGHT)

A". Cortesía de los caramelos PINOCHO.

rograma especial ofrecido a Botica Francesa, que se nte forma:

Radioemisora TITANIA presentan el drama
LMA", original de José Fabio Garnier. Corte-

cortesía de la Leche medicinal Lactomagnesia.

ortesía de CREMA PRIMAVERA Y PRODUC-

), cortesía de DIURORRENAL.

Panama

BANCO CENTRAL DE EMISIÓN
DE LA REPUBLICA DE PANAMÁ.

Air Mail

DUPLICATE SENT

October 14, 1941.

C.P. X
OCT 15 1941

We wish to thank you for your letter of October 7th with which you enclose clippings from the local press in connection with the above.

In view of the changed conditions in your country we hesitate to make any comments in this regard until we hear further from you and the situation becomes more clear.

Yours very truly,

Asst. Manager Foreign Department.

HMK:grl

C.P.R.
OCT 20 1941

NEW YORK, Oct.17,1941

extract from Mr. HMK letter filing copy in pkt: #126
REP. of PANAMA, - Mix.

"Last week we had the pleasure of a visit to the office and plant of Mr. Arango He... showed us specimens of the new Panama notes which he himself did not particularly like and asked us to prepare models to have on hand should they require new notes in the future.

"Since all these things happened before the recent changes in Panama, we do not suppose this is an appropriate time to follow them up, but we would like to have your comments regarding the reception accorded to the new Nptes and whether their issue is to continue under the new Government. One of the newspapers here gave as a reason for Ex-President Arias' overthrow, the unpopularity brought about by the new bank note issue.

AMERICAN BANK NOTE COMPANY
FOREIGN DEPARTMENT

C.P.H.
DEC -9 1941

December 5, 1941.

MEMORANDUM FOR FILES

PANAMA - BANK NOTES

The following is a translation of part of a personal letter received today from Panama:

"The bank notes made by the Hamilton Bank Note Co. are being taken out of circulation little by little and, according to what President de la Guardia told me, they will be kept in the vault of the Banco Nacional until their fate is definitely decided, which will probably be incineration. The general public criticized them very much for being ugly, for the "Carnival-like" colors, etc. Many people never would accept them and in the interior of the Republic they hardly circulated. I am sure that Hamilton will be paid for them as the new Government is reliable and makes itself responsible for the debts "honestly" contracted by the previous Government"

H. M. K.

H.M.K.

HMK:grl

1913
(no x ref)

C. P. P.
DEC 12 1941

Panama *J. L.*

A. L. S.
DEC 12 1941

12/17/41

In telephone conversation
with National City Bank of N.Y.
I was informed, off the record,
that the bank note issue
recently printed by Hamilton
has been or will be completely
retired.

E. L.

Re: Central

1943

BANCO CENTRAL DE EMISIÓN
DE LA REPÚBLICA DE PANAMÁ
Bank Notes

Air Mail

December 17, 1941.

If the bank notes printed for Panamá by the Hamilton Bank Note Company are still in circulation, or available for purchase, we would appreciate your sending us five notes of one Balboa and one note each of the other denominations namely - 5, 10 and 20 Balboas, making a total of Bs. 40.- the equivalent of which we shall be pleased to reimburse immediately by U.S. dollar draft, upon receipt of your advice.

Yours very truly,

Asst. Manager Foreign Department.

HMK:grl

AMERICAN BANK NOTE COMPANY.

Panama
to
New York

SUBJECT

BANCO CENTRAL DE EMISION
DE LA REPUBLICA DE PANAMA
Bank Notes

Via Airmail

DATE December 30, 1941.

I refer to your letter of December 17th on the above. Our friend
A. Guillermo Arango has presented me with four specimen notes of 1, 5,
10 and 20 balboas, which I am enclosing. I wonder if these will serve
your purpose or if you still want me to purchase the 5 notes of 1 balboa
and one note each of the other three denominations, as requested in your
letter above referred to, or whether I should obtain 4 additional notes of
1 balboa only.

Sincerely yours,

Elena Ehrman
Elena Ehrman

encls. (4)

cc by regular mail

H.M.K.

JAN 5 1942 ✓
Ack'd. 2/5/42
N.S.K.
C

to envelope for filing

RECEIVED

** made by Hamilton BNC*

OTHER COPY IN

PACKET Hamilton Bank Note Co.
#1626

Panama
to
New York

AMERICAN BANK NOTE COMPANY

Via Airmail

DE LA RESERVA DE PANAMA
BANCO CENTRAL DE EMISION
Bank Notes

SUBJECT

DATE December 30, 1941

I refer to your letter of December 17th on the above. Our friend
A. Guillermo Arango has presented me with four Spanish notes of 1, 2,
10 and 20 pesos, which I am enclosing. I wonder if these will serve
your purpose or if you will want me to purchase the 5 notes of 1 peso
and one note each of the other three denominations, as requested in your
letter above referred to, or whether I should obtain 4 additional notes of

1 pesos only.

Sincerely yours,

Ernest Brown
Ernest Brown

encs. (4)

cc by regular mail

RECEIVED



DEC 31 1941

DEC 31 1941



FOREIGN DEPT
A.B.N.CO.
M

BANCO CENTRAL DE EMISIÓN DE LA REPÚBLICA DE PANAMÁ

January 5, 1942.

DUPLICATE SENT

C. P. R.
JAN - 6 1942

The four specimen notes of 1, 5, 10 and 20 Balboas, which you sent with your letter of December 30th, and which you say were presented to you by Mr. Guillermo Arango, will serve our purpose provided we may be allowed to keep them for our permanent records. If you wish us to return them to you, then please buy and furnish us with regular notes as per our letter of December 17th.

Besides the above, we still would like to have you buy for our account not more than four of the one Balboa notes, provided they are still available.

Thanking you very much indeed for your trouble, we remain,

Yours very truly,

Asst. Manager Foreign Department

HMK/iw

January 5, 1942.

Mr. Henry R. Treadwell,
Vice President,
Bronx

C. 2. 12.
JAN - 6 1942

BANCO CENTRAL DE EMISIÓN DE LA REPÚBLICA DE PANAMÁ

Herein we send you four specimen notes (unnumbered) of the
above bank, as executed by the Hamilton Bank Note Company, in the denomina-
tions of 1 Balboa, 5 Balboas, 10 Balboas and 20 Balboas.

Will you please let us have a detailed report thereon at your
convenience.

Asst. Manager Foreign Department

HMK/iw

see 2/27/42

1913

AMERICAN BANK NOTE COMPANY.

Panama
to
New York

SUBJECT

BANCO CENTRAL DE EMISION
& PAPER CURRENCY

Via Airmail

DATE January 6, 1942.

100-2-1
JAN - 9 1942

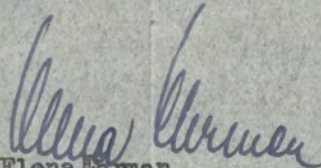
H.M.N.

JAN 11 1942

Archd. 1/8/42
N. H. Keith

✓
Enclosed is clipping from one of our daily papers
quoting decree-law issued January 3, 1942 whereby decree
6 of 1941, which created the Banco Central de Emisión is
annulled, and the paper currency recently issued is ordered
incinerated.

Sincerely yours,


Elena Gorman

encl.
cc by regular mail

✓

see 12-21-42

AMERICAN BANK NOTE COMPANY.

Via Airmail

SUBJECT
BANK OF AMERICA
& TRUST COMPANY

DATE January 6, 1942.

Panama
to
New York

Enclosed is clipping from one of our daily papers
showing notice-fee issued January 5, 1942 whereby notice
is given, which states the Bank of America is
suspended, and the paper entry recently issued is ordered
incinerated.

Sincerely yours,

[Signature]
H. H. H. H.

encl.
cc by regular mail

JAN - 2 1942



El Ejecutivo Ordena Que los Billetes del B. Nacional de Emisión Sean Incinerados

TRANSLATION

No se justifica el
uso de ese papel
moneda ahora

También serán quemados los que vayan llegando al B. Nacional

El Banco Central de Emisión ha dejado de existir y todos los billetes emitidos por esta entidad que no están en circulación y los q' se vayan recibiendo serán incinerados, de acuerdo con un decreto-ley expedido esta mañana por el Poder Ejecutivo y cuya parte pertinente publicamos inmediatamente.

EL PRESIDENTE DE LA

REPÚBLICA

en uso de las facultades extraordinarias que le confiere la Ley No. 41 y previo concepto favorable del Consejo de Gabinete y de la Comisión especial elegida al tenor del Ordinal 20 del Artículo 88 de la Constitución Nacional, y

CONSIDERANDO:

Que las condiciones del Tesoro Nacional no exigen al uso del papel moneda como medida económica, que no se justificaria en las actuales circunstancias:

DECRETA:

Artículo 1o.—Derógase el Decreto No. 6 de 1941 por el cual se crea el Banco Central de Emisión.

Artículo 2o.—Autorízase al Banco Nacional para que incinere los billetes que no están en circulación y los que vayan recibiendo hasta la total extinción de los billetes emitidos.

Artículo 3o.—La incineración se llevará a efecto en presencia del Gerente del Banco Nacional, de uno de los Directores de esta institución y del Comptroller General de la República. De este acto se levantará el acta notarial respectiva, que será firmada por ellos.

er will be incinerated, in accordance with a decree-law issued this morning by the Chief Executive, the pertinent part of which we publish immediately.

THE PRESIDENT OF THE REPUBLIC

virtue of the extraordinary powers conferred upon him by the Law No.41 and first getting the favorable opinion of the Cabinet Members and the special Committee appointed in accordance with Ordinal 20 of Article 88 of the National Constitution, and

WHEREAS

at the conditions of the National Treasury do not demand the use of paper money as an economic measure, which would not be justified under present circumstances:

DECREES:

Article 1st. That Decree No.6 of 1941, by which is created the Banco Central de Emisión, be annulled.

Article 2nd. That the Banco Nacional be authorized to incinerate the notes which are not in circulation and those which it will be receiving, until the total extinction of the notes issued is accomplished.

Article 3rd. The cremation will be effected in the presence of the Manager of the Banco Nacional, of one of the Directors of that institution and of the Comptroller General of the Republic. The respective notarized certificate shall be drawn up of this act, and which shall be signed by them.

(IW)

TRANSLATION

EXECUTIVE ORDERS THE CREMATION OF THE NOTES OF THE
Banco Nacional de Emisión

use of that paper money now is not found justified

which will be arriving at the Banco Nacional will
also be cremated.

Banco Central de Emisión has ceased to exist and all the notes
of this body which are not in circulation and which will be coming
forward will be incinerated, in accordance with a decree-law issued this
morning by the Chief Executive, the pertinent part of which we publish
immediately.

THE PRESIDENT OF THE REPUBLIC

in virtue of the extraordinary powers conferred upon him by the Law No.41
and first getting the favorable opinion of the Cabinet Members and the
Special Committee appointed in accordance with Ordinal 20 of Article 88 of
the National Constitution, and

WHEREAS

that the conditions of the National Treasury do not demand the use of paper
money as an economic measure, which would not be justified under present
circumstances:

DECREES:

Article 1st. That Decree No.6 of 1941, by which is created the Banco Central
de Emisión, be annulled.

Article 2nd. That the Banco Nacional be authorized to incinerate the notes which
are not in circulation and those which it will be receiving, until the total
extinction of the notes issued is accomplished.

Article 3rd. The cremation will be effected in the presence of the Manager of
the Banco Nacional, of one of the Directors of that institution and of the
Comptroller General of the Republic. The respective notarized certificate
shall be drawn up of this act, and which shall be signed by them.

(IW)

El Ejecutivo Ordena Que los B
B. Nacional de Emisión Sean In

SECRET

CONFIDENTIAL

IN CONNECTION WITH THE MATTER OF THE

Barco Nacional de Emisión

2000
P
M



The date of this report is not to be published.

Those which will be arriving at the national level
also be presented.

The Banco Central de Emisión has been established and all the notes
issued by this bank which are not in circulation and which will be coming
over will be included in the accounts of the Banco Central de Emisión
monitored by the Office of the Comptroller, the accounts and of which will be
immediately.

THE REPORT OF THE BANK

by virtue of the extension of powers conferred upon it by the law No. 1
and that the law is in effect in the country and we
Federal Committee established in accordance with Article 120 of Article 120 of
the National Constitution, and

that the conditions of the National Treasury to not having the use of paper
money as an economic resource, which would not be justified under present
circumstances;

SECRET

Article 120 of the Constitution of 1954, or which is covered by the Central
Bank, is amended.

Article 120 of the Constitution of 1954, or which is covered by the Central
Bank, is amended.

Article 120 of the Constitution of 1954, or which is covered by the Central
Bank, is amended.

Lotería Nacional
de Beneficencia

UNIVERSITY 28

BANCO CENTRAL DE EMISIÓN DE LA REPÚBLICA DE PANAMÁ

January 8, 1942.

C. P. R.
JAN -9 1942

It was with a great deal of interest that we read your letter of January 6th and the newspaper clipping with the decree-law ending the short-lived Panama bank notes. The matter certainly appears to be definitely closed now.

Since nothing is mentioned in the decree-law with regard to the disposition of the printing plates, we would like to learn, if the information is available, whether the Hamilton Bank Note Company still holds the plates for the Panama notes or whether their destruction was also ordered.

Yours very truly,

Asst. Manager Foreign Department

HMK/iw

C. P. R.
JAN 12 1942

Panama, January 8, 1942

extract from EE letter orig. filed in pkt:
PANAMA, - Republic of
(Misc.)

"In regards to your question about Panama's paper currency, in view of recent developments, I do not think it worth while that we prepare any models for the future; the paper currency idea never was liked by the public in general and very few people in particular approved of it. As to the establishment of a new commercial bank in Panama, with the present existing world conditions, I doubt if anything like that will be attempted for the time being.

Bar-Cut

AMERICAN BANK NOTE COMPANY.

Panama
to
New York

SUBJECT

BANCO CENTRAL DE EMISION
DE LA REPUBLICA DE PANAMA

Via Airmail

DATE January 11, 1942.

Receipt is hereby acknowledged of your letter of
the 5th, in answer to mine of December 30th.

The 1, 5, 10 and 20 Balboas specimen notes sent
may be kept at your end for the Company's permanent
records.

I am enclosing four of the one balboa notes, which
I obtained at the Banco Nacional, that you wish for
your records. Four dollars are being debited to your
office for such notes.

Sincerely yours,

Elena Erman
Elena Erman

encls.(4 notes)

cc by regular mail

{ Two 1. notes
enclosure for 1942

1 note to N. S. K.

Panama
to
New York

AMERICAN BANK NOTE COMPANY

Via Airmail

BANK OF PANAMA
DE LA REPUBLICA DE PANAMA

SUBJECT

DATE January 11, 1942

Receipt is hereby acknowledged of your letter of
the 5th, in answer to mine of December 28th.
The 1, 5, 10 and 20 Balboa specimen notes sent
may be kept at your end for the Company's permanent
records.

I am enclosing four of the one Balboa notes, which
I obtained at the Banco Nacional, that you wish for
your records. Your dollars are being debited to your
office for each note.

Sincerely yours,

John F. ...
John F. ...

(4 notes)

cc by regular mail

Jan 12 1942

RECEIVED
JAN 12 1942



JAN 12 1942



JAN 12 1942

RECEIVED

TWO (2) 1-peso Bank Notes enclosed
(#003648 and #028475)

(made by Hamilton B.N.Co)

C. 2. R.
JAN 15 1942

Sent to H.R.T. with
memo of 1/30/42.
N.G.N.

Banco Central de Emisión de la República de Panamá

January 13, 1942.

2061-21 WPT
A-2 C

✓
We acknowledge receipt of your letter of January 11th,
and see that we may keep the specimen notes you previously
forwarded to us.

We also take this occasion to acknowledge receipt of the
four one balboa notes which we asked you to purchase for our ac-
count, and note that you are debiting our account with the sum of
\$4.- cost thereof, which is in order.

Thanking you for the attention given to our request, we
remain

Yours very truly,

Asst. Manager Foreign Department

HMK/iw

2 other letters sent
with same paper
H. Smith

January 13, 1942.

Mr. Henry R. Treadwell,
Vice President,
Bronx.

BANCO CENTRAL DE EMISIÓN DE LA
REPÚBLICA DE PANAMÁ

Further to our memorandum of January 5th, we are enclosing herewith a One Balboa Note No. 021624 of the above Bank, printed by the Hamilton Bank Note Company, and beg you to give us, at your convenience, a complete physical and chemical report on the paper on which this note is printed.

You may destroy all or portions of this note for your tests.

Asst. Manager Foreign Department

HMK/iw

see 3/25/42

Two other one Balboa notes
sent with memo 1/30/42.
N.D. H.

1913

January 30, 1942

Mr. H. R. Treadwell,
Vice President,
Bronx

BANCO CENTRAL DE EMISIÓN DE LA
REPÚBLICA DE PANAMA

Further to our memorandum of January 13th, and in accordance with Mr. A. A. Wittnebel's request by telephone, we enclose herewith two One Balboa notes issued by the above bank, and numbered 028475 and 003643.

Asst. Manager Foreign Department

HMK/iw

see 3/25/42

January 30, 1942

Mr. H. R. Treadwell,
Vice President,
Bronx

BANCO CENTRAL DE EMISIÓN DE LA
REPÚBLICA DE PANAMA

Further to our memorandum of January 13th, and in accordance with Mr. A. A. Wittnebel's request by telephone, we enclose herewith two One Balboa notes issued by the above bank, and numbered 028475 and 003643.

Asst. Manager Foreign Department

HMK/iw

see 3/25/42

American Bank Note Company
Garrison Ave. & Tiffany St.
New York, N. Y.

OFFICE OF THE VICE PRESIDENT
BRONX PLANT

MAR 26 1942

February 27, 1942

A. J. S.
MAR 30 1942

Mr. G. W. T. Combs
Assistant Manager
Foreign Department

E. W. W.
JAN 31 1955

re - Banco Central de Emision de la Republica de Panama

Replying to your letter of January 5, 1942 in regard to the four specimen notes enclosed, executed by the Hamilton Bank Note Company, in the denominations of 1 Balboa, 5 Balboas, 10 Balboas and 20 Balboas -

As is so generally found in work executed by other so-called bank note companies, these notes are coarse, flate and crudely handled. Work of this nature offers no security against fraudulent reproduction but, on the contrary, are better adapted to be used for counterfeiting than if prepared by other printing processes. Line Engravings when so poorly executed are the best kind of originals for a counterfeitor to work from.

The designs are very poorly done with the exception of the 20 Balboas face which shows it to have been better conceived than the other designs.

On the 1 Balboa face the red blotches in the tint accentuate the fact that the small denominational counters are not centered in the center oval.

On the 5 Balboas face, the vignette at the left is entirely too small for the balance of the design.

On the 10 Balboas face, the center part of the vignette and counters ~~is~~ entirely too small, and the position and design of the peculiar cucumber effect of the green tint have a tendency to push it down below balance.

The 20 Balboas face is the best of the designs but is considerably weakened by the crudeness of the tint work.

With the exception of the vignette on the 20 Balboas face which is indicated as having been executed by copying another engraving, they

Mr. G. W. T. Combs,

2/27/42.

R. W. T.
JAN 31 1955

re - Banco Central de Emision de la Republica de Panama (continued):

are all poorly executed. They are very flat and coarse, offering no difficulty from the reproduction standpoint.

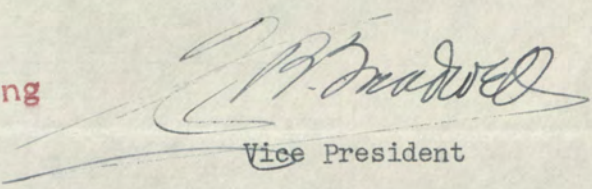
The tint work is printed by typographical method, showing the difficulty of printing on hard bank note paper with this process.

The backs of these notes are so coarse and crude as to design and engraving, that they seem to hardly need any comment. The coat of arms appear to have been reproduced photographically from a pen and ink drawing with the exception of the background which was put in by a ruling machine.

The scrolls show that they were undoubtedly engraved by a letter engraver with no appreciation of the proper technique in securing gradation of tone, which is exhibited in our work.

Return the four specimen notes herewith.

No enclosure for filing


Vice President

HRT/LB
Enclosures (4)

✓

American Bank Note Company
Garrison Ave. & Tiffany St.
New York, N.Y.

OFFICE OF THE VICE PRESIDENT
BRONX PLANT

March 25, 1942

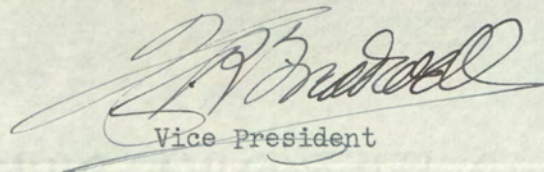
A. L. S.
MAR 30 1942

Mr. A. L. Schomp
President

E. W. F.
JAN 31 1955

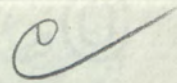
re - Banco Central de Emision de la Republica de Panama

In accordance with letters dated January 13th
and ³⁰20th received from Mr. G. W, T. Combs, I enclose
herewith our laboratory report[#] covering the paper used on
these notes.


Vice President

#Dated 2/12/42 and filed in
President's office

HRT/LB
Enclosure



E. W. R.
JAN 31 1955

March 30, 1942

Mr. H. R. Treadwell, Vice President
Bronx Plant

Re: Banco Central de Emision - Panama

Referring to yours of the 25th with Laboratory report covering paper used on the notes prepared by the Hamilton Company.

I am wondering if it is not possible for you to make further tests to determine if possible the company that made this paper as well as advice as to the sizing or resizing that has been used. It is my impression that you always advised me that other companies had no method of sizing bank notes. I see no reason why you should not solicit the further advice of Messrs. Crane & Co. since this paper is offered in competition with their product.

I am returning herewith the four specimen notes, in the denominations of 1, 5, 10 and 20 Balboas.

ALS:az

President

rec 5/8/42

C
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P
Y

CRANE & CO.

Memorandum

To: Mr. R.C. Pierce

Date April 15, 1942

E. W. R.
JAN 31 1955

SUBJECT: Tests on One Dollar Balboa Note from Republica de Panama
Printed by Hamilton Bank Note Company

Stock: 100% Rag - considerable linen present, approximately 50%
Linen.

The planchettes in this paper are chiefly chemical wood
pulp and are not printed spots.

Bursting Strength: 79.0 points.

Folding Endurance: Machine Direction (2 tests) 2384 double folds
Across Mach. Dir. (2 tests) 2746 double folds

Thickness: .0048 inch

Curl: 35 - 36 seconds.

pH: 6.5 pH

Glue: Present

Starch: Present

Acidulated Alcohol Extract: 1.5% Rosin -- however, this may be due
to ink, surface sizing or possible to rosin sizing in the
paper.

The sample was extracted with water and then with acidulated
Alcohol and still maintained its wet strength resistance.

However, when boiled in 2% caustic solution, the wet strength
quality was lost.

When extracted with Acetone, the wet strength was retained.

We are unable to definitely state the chemical composition
of the sizing applied to the Panama note made by the Hamilton Bank Note
Company. Due to the excellent water resistant surface of this note,
it is doubtful if the surface sizing giving this water resistance was
due to sizing applied to the paper at the time of manufacture but must
have been applied after the note was printed. It would not be possible
to wet down paper sized to such a high degree for wet intaglio print-
ing.

The surface sizing giving this high water resistance, in our
opinion, is not due to starch, or to the use of formaldehyde and glue,

C
O
P
Y

CRANE & CO.

Memorandum

E. W. R.
JAN 31 1955

- 2 -

but is due to a synthetic sizing which may have been applied alone or mixed with glue and starch. Due to the ink on the sheet, it is difficult to make an accurate analysis of the surface sizing since the ink contains certain materials which may also be present in synthetic sizings.

/s/ L.B. Tucker - BN

E.O.Reed - BN

CRANE & CO. INC.

Dalton, Mass.

E. W. P.
JAN 31 1955

May 6, 1942

American Bank Note Company,
Garrison Avenue & Tiffany Street,
Bronx, New York.

Attention: Mr. H. R. Treadwell, Vice President.

Gentlemen:

NOTHING FOR FILING

On April 4th you wrote us enclosing a specimen of Republic of Panama \$1.00 Balboa note with a request that we examine same to determine the company who manufacturers this paper and also what we could learn about the size that had been used.

Our Mr. Reed made a report on the note which was dated April 15th but before sending this report to you we thought we would like to see Mr. Foote's report which you kindly sent to us with your letter of April 18th.

Mr. Reed has been away for a holiday and the matter was held up pending his return. However, a copy of his original report is enclosed herewith which covers the subject as well as we are able to do at the present time and we might say that we used up the note in tests except the two small pieces which are attached to the enclosed report.

If you wish us to do anything further along this line we will be very glad to do so. We do not know who made this particular paper but we are inclined to think that it was made by the Gilbert Paper Company.

Yours very truly,

CRANE & CO., INC.
/s/ R. C. Pierce
Sec'y.

FAL
enc.

#Filed under own date

American Bank Note Company
Garrison Ave. & Tiffany St.
New York, N.Y.

OFFICE OF THE VICE PRESIDENT
BRONX PLANT

The Smith
please rule
file

A.L.S.
MAY 11 1942

May 8, 1942

E. W. R.
JAN 31 1955

Mr. A. L. Schomp
President

re - Banco Central de Emision - Panama

Upon receipt of your letter of March 30, 1942 in regard to our laboratory report covering these four specimen notes, I forwarded the 1 Balboa denomination note to Crane & Co.

I enclose herewith copy of report received in Mr. Pierce's letter of May 6th[#] and prepared by Mr. Reed. As you can see they are also unable to definitely state the chemical composition of the sizing applied to this note by the Hamilton Bank Note Company.

Would like to retain the three (3) remaining notes for the present (denominations, 5, 10 and 20 Balboas) with the idea that it may be possible for us to find some further information relative to same.

Filed under own date - report
filed 4/15/42

E. V. Mueller
Vice President

HRT/LB
Enclosure

AMERICAN BANK NOTE COMPANY.

Panama
to
New York

SUBJECT Banco Central de Emisión de la República de Panamá

DATE December 12, 1942.

VIA AIRMAIL

Going thru my file on above, I found several Bank Notes, as follows:

5 córdobas	- Nicaragua
1 córdoba	- Nicaragua
1 peso	- Colombia
5 pesos	- México
2 colones	- Costa Rica
1 peso	- Guatemala

H.M.K.

DEC 18 1942

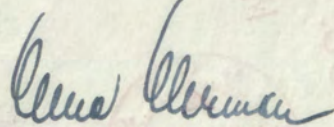
✓ Ack'd. 12/21/42
H.M.K.

retained by
H. M. Keith
12/18/42.

The first two abovementioned notes were sent to me with your letter of July 24, 1941. As to the other four, I believe they were given to me by Mr. Henry M. Keith when he visited Panama last year.

Since these notes have served their purpose I am returning them to you herewith and thank both you and Mr. Keith for letting me use them as "samples" when the question of paper currency for the Republic of Panama was being discussed with Government officials here.

Sincerely yours,


Elena Ehman

ends. (6)
cc by airmail

DEC 18 1942



RECEIVED

Panama
to
New York

AMERICAN BANK NOTE COMPANY.

SUBJECT Banco Central de Emisión de la República de Panamá

DATE December 12, 1942.

VIA AIRMAIL

Going thru my file on above, I found several Bank Notes, as follows:

H.M.K.

DEC 18 1942

5 cordobas - Nicaragua
1 cordoba - Nicaragua
1 peso - Colombia
5 pesos - Mexico
2 colones - Costa Rica
1 peso - Guatemala

The first two abovementioned notes were sent to me with your letter of July 24, 1941. As to the other four, I believe they were given to me by Mr. Henry M. Keith when he visited Panama last year.

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Sincerely yours,

and a. (e)
cc by airmail

RECEIVED



DEC 18 1942

Panama

BANCO CENTRAL DE EMISIÓN DE LA REPÚBLICA DE PANAMÁ

December 21, 1942.

Air mail

DUPLICATE SENT

C. P. R.
DEC 22 1942

We wish to acknowledge receipt and thank you for your letter of December 12th, returning to us the six bank notes which you had received from us and from Mr. Keith some time last year.

From the clipping enclosed in your letter of January 6th, 1942 we learned about the termination of the above bank and its bank notes, but we would like to learn, if the information is available, whether the Hamilton Bank Note Company still holds the plates for the Panama notes or whether their destruction was also ordered at that time.

With our best wishes for Christmas and the New Year, we remain,

Yours very truly,

Asst. Manager Foreign Department.

HMK:iw

CHIEFTAIN BOND

BANCO CENTRAL DE EMISIÓN DE LA REPÚBLICA DE PANAMÁ

December 21, 1942.

Air mail

DUPLICATE SENT

C. P. R.
DEC 22 1942

We wish to acknowledge receipt and thank you for your letter of December 12th, returning to us the six bank notes which you had received from us and from Mr. Keith some time last year.

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With our best wishes for Christmas and the New Year, we remain,

Yours very truly,

Asst. Manager Foreign Department.

HMK:iw

CHIEFTAIN BOND